State of Alaska

Comprehensive Annual Financial Report

For the Fiscal Year
July 1, 2012 – June 30, 2013

Prepared by:
Department of Administration
Division of Finance

The FY 2013 CAFR is expected to be available on or after December 15, 2013 on our Internet web site at http://doa.alaska.gov/dof/reports/cafr.html.

This publication was released by the Department of Administration, Division of Finance to report on the State's financial status. Produced and printed in Juneau, Alaska at a cost of $18.88 per copy. This publication is required by AS 37.05.210.

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STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

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Introductory Section

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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December 13, 2013

The Honorable Sean Parnell, Governor
Members of the Legislature
Citizens of the State of Alaska

In accordance with Alaska Statute (AS) 37.05.210, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the State of Alaska for the fiscal year ending June 30, 2013. This report has been prepared by the Department of Administration, Division of Finance. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the State. Statistical and demographic information are included to enable the reader to gain an understanding of the State's financial activities.

INTRODUCTION

Internal Controls

The Department of Administration, Division of Finance, is primarily responsible for the overall operation of the State's central accounting system. The State's system of internal controls over the accounting system has been designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Some component units operate outside the State's central accounting system. Those component units are responsible for establishing and maintaining their own separate internal control structures.

Audits

The Division of Legislative Audit is the principal auditor of the State's reporting entity. The audit of the CAFR was conducted in accordance with generally accepted auditing standards (GAAS). The independent auditor's report is the first item in the financial section of the CAFR and precedes the MD&A and basic financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2013, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the CAFR, assessing the accounting principles used, and evaluating the overall financial statement presentation.

In addition to the annual audit of the State's CAFR, the State is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be published at a later date under separate cover by the Division of Legislative Audit.

Management's Discussion and Analysis (MD&A)

Governmental Accounting Standards Board Statement No. 34 requires that management provide a narrative introduction, overview, and analysis of the State's financial activities. This transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE STATE OF ALASKA

The State of Alaska was the 49th state admitted into the Union in 1959. The Alaska Constitution was adopted by the Constitutional Convention February 5, 1956, ratified by the people of Alaska April 24, 1956, and became operative with the formal proclamation of statehood January 3, 1959.

There are three branches of government: legislative, executive, and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40. The executive power of the State is vested in the governor. The judicial power of the State is vested in a supreme court, a superior court, and the courts established by the legislature. The jurisdiction of courts and judicial districts are prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State of Alaska reporting entity reflected in this CAFR, which is described more fully in Note 1 to the basic financial statements, conforms with the requirements of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. These criteria include financial accountability, fiscal dependency, and legal standing. The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents. The financial statements should allow users to distinguish between the primary government (the State) and its component units, with the emphasis being on the primary government. Consequently, this transmittal letter, the MD&A, and the financial statements focus on the State and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

The State provides a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements, and general administrative services.

Budgetary Control

The State maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the budget appropriated annually by the legislature. Annual operating budgets are adopted for governmental funds (General, Permanent, and Special Revenue) through passage of appropriation bills (session laws) by the legislature with approval by the governor. These laws also identify the source of funding for the budgeted amounts. Control is maintained at the departmental level

by recording budgeted amounts, funding sources, expenditures, and encumbrances within the appropriation structure in the State's central accounting system. Open encumbrances are reported as reservations of fund balance at the end of the fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Economy

The well-being of the State of Alaska is best reflected in the operations of the General Fund. The General Fund is the State's primary operating fund and accounts for all financial resources except those required to be accounted for in another fund. The State maintains many accounts and subfunds (created by law) that are accounted for and reported within the General Fund. Four of the most notable are the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each is provided in the combining statements for the General Fund included in this report.

The table below shows General Fund revenues by category for the current and previous fiscal year. Clearly, the State's major source of unrestricted revenue is related to petroleum taxes, rents, and royalties. In FY 13, petroleum revenue decreased $2.6 billion to 60 percent of all General Fund revenues.

The largest source of nonpetroleum revenues is federal, which makes up 23 percent of revenues. During FY 09, Governor Palin signed the certification required to receive federal funding under the American Recovery and Reinvestment Act of 2009. Alaska is authorized to receive nearly $1.3 billion in formula and competitive funding available under the Act. The amount expended, as of June 30, 2013, is approximately $1.1 billion.

Not all revenues that flow into the General Fund are available to pay for unrestricted government activities. The most notable are federal revenues, which are provided for specific purposes.

(Stated in millions)	FY 13	Percent	FY 12	Percent
Petroleum Revenue				
Property Tax	$ 99.6	1.0%	$ 215.4	1.7%
Corporate Petroleum Income Tax	478.1	4.6%	570.9	4.6%
Severance Tax	3,674.2	35.5%	5,946.3	47.9%
Mineral Bonuses and Rents	19.0	0.2%	6.3	0.1%
Oil and Gas Royalties	1,895.6	18.3%	2,023.3	16.3%
Total Petroleum Revenue	6,166.5	59.6%	8,762.2	70.6%
Nonpetroleum Revenue				
Taxes	513.9	5.0%	431.0	3.4%
Licenses and Permits	119.4	1.2%	117.9	1.0%
Charges for Services	193.4	1.9%	197.1	1.5%
Fines and Forfeitures	30.1	0.3%	13.3	0.1%
Rents and Royalties	35.0	0.3%	32.5	0.3%
Interest and Investment Income/(Loss)	766.7	7.4%	309.5	2.5%
Other Revenue	128.5	1.2%	82.9	0.7%
Total Nonpetroleum Revenue	1,787.0	17.3%	1,184.2	9.5%
Federal Revenue	2,392.4	23.1%	2,464.9	19.9%
Total Revenues	$ 10,345.9	100.0%	$ 12,411.3	100.0%

The total expenditures charged against General Fund appropriations during FY 13 amounted to $9.8 billion, an increase of $449.7 million from FY 12. The Department of Commerce, Community and Economic Development experienced a significant increase due to an increase in legislative named grants appropriated in the capital budget. The Department of Natural Resources also experienced an increase in General Fund expenditures due to fire suppression costs associated with fires on state land as well as an increase in mining permits and licensing initiatives. Expenditures by department are compared with the prior year in the following table:

Department Expenditures (stated in millions)	FY 13	Percent	FY 12	Percent
Office of the Governor	$ 32.5	0.3%	$ 51.3	0.6%
Administration	775.2	7.9%	663.4	7.1%
Law	73.8	0.8%	100.9	1.1%
Revenue	888.1	9.0%	1,084.0	11.6%
Education and Early Development	1,648.8	16.8%	1,584.8	16.9%
Health and Social Services	2,563.3	26.1%	2,486.1	26.6%
Labor and Workforce Development	145.3	1.5%	145.3	1.6%
Commerce, Community, and Economic Development	878.0	8.9%	565.5	6.0%
Military and Veterans' Affairs	71.1	0.7%	72.6	0.8%
Natural Resources	192.6	2.0%	162.6	1.7%
Fish and Game	129.6	1.3%	121.9	1.3%
Public Safety	203.6	2.1%	207.2	2.2%
Environmental Conservation	145.6	1.5%	143.7	1.5%
Corrections	301.8	3.1%	278.9	3.0%
Transportation and Public Facilities	1,145.0	11.7%	1,090.2	11.6%
Legislature	63.4	0.6%	60.0	0.6%
Debt Service	7.6	0.1%	32.0	0.4%
Alaska Court System	124.2	1.3%	106.2	1.1%
University	423.6	4.3%	406.8	4.3%
Total Expenditures	$ 9,813.1	100.0%	$ 9,363.4	100.0%

Major Industry

Alaska receives more revenue from oil production related activities than any other source. Since 2008, the price of oil has risen fairly steadily, to above $100 per barrel. The Department of Revenue is projecting these prices remain above $100 for the foreseeable future. Actual Alaska North Slope oil prices were $107.57 in FY 2013 and are expecting to remain around $105 for the next two years.

The method of calculating production tax revenue changed during the 2013 legislative session with the passage of the More Alaska Production Act (MAPA). Starting on January 1st, 2014, oil production on the North Slope of Alaska will be taxed at 35% of the net value of that production, with a credit for each barrel of oil produced and a special reduction in taxes for new oil developments. These incentives have already drawn an industry response, including increased activity in developed areas and increased likelihood that new areas will enter production. The department of revenue is forecasting an increase of $10 billion in investment over the next 10 years. It is hoped that this is simply the first step in accessing the billions of recoverable barrels currently undeveloped on the North Slope.

Additionally, the favorable tax environment and business climate in the Cook Inlet basin has resulted in three consecutive years of increased oil production and the alleviation of fears over natural gas supply for residential space heating and electrical generation. These increases are expected to continue as investment continues to rise.

Finally, efforts to monetize the massive natural gas accumulations on Alaska's North Slope continue. These efforts include continued interest by major corporations to evaluate a two billion cubic feet per day pipeline that would export liquefied natural gas to Asia and an opportunity to transport a smaller quantity of natural gas from the North Slope to the major urban centers for in-state use.

Long-term Financial Planning

With declining oil production, an uncertain national economy, and an unfunded pension liability, the State of Alaska has placed excess funding in our Statutory Budget Reserve Fund and the Constitutional Budget Reserve Fund, and has provided forward funding for K-12 Education and the Alaska Performance Scholarship program. These deposits will contribute towards the future fiscal health of the State of Alaska.

The State of Alaska's bond rating was once again upgraded to AAA, the highest grade, by Fitch Ratings. This is the third AAA rating the State has received due to the State's large financial reserves, strong financial management, extensive fiscal flexibility, and budgetary restraint.

During FY13, the State of Alaska issued the remaining balance of the bonds authorized by the voters on November 2, 2010 for the purpose of paying the cost of designing and constructing of library, education and educational research facilities. On January 15, 2013 the State of Alaska issued $162.5 million in General Obligation Bonds used to fund educational facilities. The issuance consisted of the 2013 Series A with $11.9 million aggregate principal of General Obligation Taxable Qualified School Construction Bonds, and the 2013 B with $150.5 million aggregate principal of General Obligation Bonds. These General Obligation Bonds were rated Aaa by Moody's Investors Service, AAA by Standard and Poor's and AAA by Fitch Ratings.

In November 2012 the voters authorized the additional issuance of $453 million of General Obligation Bonds for transportation projects. On March 14, 2013 the State of Alaska issued $149.6 million of General Obligation Bond Anticipation Notes for the purpose of paying the costs of design and construction of State transportation projects pursuant to the State Transportation Bond Act. These General Obligation Bond Anticipation Notes were rated MIG 1 by Moody's Investors Service, SP-1+ by Standard & Poor's and F1+ by Fitch Ratings.

Looking forward to FY14, the State anticipates using a portion of the unissued authorized General Obligation Bonds in connection with State Transportation Projects pursuant to the State Transportation Bond Act.

Net position at June 30, 2013 of the two largest pension funds, the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems' funds, were $13.0 billion and $5.3 billion respectively. The funding status for PERS and TRS pensions and postemployment healthcare as of the June 30, 2012, actuarial valuations indicated the actuarial accrued liabilities were 57.1 percent pensions and 54.0 percent postemployment funded for PERS, and 49.9 percent pension and 33.2 percent postemployment funded for TRS. Further information on these and other pension funds, including the Supplemental Benefits System and Deferred Compensation plans, can be found in Notes 7, 8, and 9 to the basic financial statements.

Looking ahead at the next 10 years, Alaska must grow its revenue base. The main emphasis of the 10-year plan is to facilitate Alaska's transition from a predominantly oil revenue base to an oil and natural gas revenue base. Revenue and other economic activity generated from the commercialization of Alaska's natural gas would help diversify Alaska's revenue sources and provide a potentially substantial source of revenue to offset declining oil revenue. In addition, commercialization of North Slope gas, in conjunction with other state investments to reinvigorate natural gas production in Cook inlet, will

provide economic opportunity and a stable, clean source of energy to fuel Alaskan businesses and homes for years to come. Efforts to diversify and enhance revenue sources cannot solely rely on commercializing Alaska's natural gas. Alaska must continue to make strides to maximize production from existing oil fields and develop other economic opportunities, particularly from its abundant natural resource base.

Relevant Financial Policies

Spending Limitation

Since July 1, 1981, the Alaska Constitution Article IX, Section 16, establishes the annual appropriation spending limit of $2.5 billion plus a formula which factors in changes in population and inflation. This is further discussed in Note 2.

Investments

As discussed more fully in Note 4 to the basic financial statements, the State's cash is managed by the Treasury Division in the Department of Revenue or by other administrative bodies as determined by law. All cash deposited in the State Treasury is managed to achieve a particular target rate of return as determined by the investment objectives set for a given fund. Cash in excess of the amount needed to meet current expenditures is invested pursuant to AS 37.10.070-071, which requires that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

Treasury has established an array of investment pools with varying investment horizons and risk profiles. Investments are managed in a pooled environment unless required by statute or bond resolution to be held separately. Commingled investment pools maximize earnings potential, provide economies-of-scale, and allow smaller funds to participate in investment opportunities that would otherwise be unavailable to them. Rather than each participant (fund) buying identical individual securities, larger quantities of securities can be purchased at one time, reducing the operating costs and number of transactions. A fund's equity ownership in a pool is based on the number of shares held by the fund.

Cash Flow and Revenue Shortfalls

After oil began flowing through the Trans-Alaska Pipeline in the late 1970s, the State enjoyed the enviable position of having sizeable sums of cash flowing into the State Treasury. This cash funded a steadily growing state operating budget, large and small annual capital budgets, and the State's permanent fund.

In more recent years, the reality of declining oil production and the corresponding decrease in available cash has become more apparent. The volatility of oil prices has a profound effect on the annual budgeting process. Also associated with this volatility, though less widely understood, is a cash flow situation that could lead to a cash deficiency for the State.

Prior to 1985, most unrestricted revenues flowed directly into the State's General Fund where they were available to pay day-to-day costs of operating State government. This is no longer the case. Over time, the legislature has established many subfunds of the General Fund to segregate cash for budgeting purposes. In 1990 the legislature appropriated the entire General Fund balance available for appropriation at the end of FY 91 to a statutory Budget Reserve Fund (SBRF). By a vote of the people in 1990, the Alaska Constitution was amended to establish a separate Constitutional Budget Reserve Fund (CBRF) into which oil tax settlement revenues are deposited. The effect of these actions diverted cash historically destined for the General Fund to other cash pools that were not available to pay day-to-day State operating costs.

Also contributing to the potential for a cash deficiency is the fact that the inflow of unrestricted revenues does not mirror the outflow of cash expenditures. Revenues and expenditures are cyclic with high and low periods, which do not necessarily coincide. The first quarter expenditures of each fiscal year are generally higher than revenues for the same period. Clearly, if the General Fund (excluding the subfunds) does not have a large cash balance at the beginning of the fiscal year or if other sources of funds are not available, the State faces the possibility of a cash deficiency before the end of the first quarter. A memorandum of understanding outlines the steps to be taken in various scenarios involving a cash deficiency.

Borrowing from the budget reserve funds has been the solution for both cash flow shortages and revenue shortfalls. Between FY 93 and FY 05, the legislature addressed the possibility of a revenue shortfall by including language in the appropriation act permitting the executive branch to borrow cash from the SBRF and the CBRF in the event expenditures exceeded revenues; which did occur in several years. All borrowings from the CBRF were repaid by FY10 and no additional borrowings have taken place. In FY 13, the unrestricted fund balance in the General Fund was insufficient to cover General Fund appropriations. This resulted in a $526 million year-end transfer from the SBRF to the General Fund.

Initiatives

Over the next four years the State is implementing an Enterprise Resource Planning (ERP) solution powered by AMS-Advantage to replace disparate administrative systems. The integration of financial, human resource/payroll and procurement functions into one statewide system will provide greater transparency and more efficient management of resources.

A primary focus of the current administration is the "Roads to Resources" initiative. Access to Alaska's vast resources will drive economic growth; therefore, the budget for FY 14 includes more than $1.3 billion in transportation and infrastructure projects.

All State agencies are reporting program performances that describe the results of their service efforts and accomplishments. This information is available on the Office of Management and Budget web site at *www.omb.alaska.gov*.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Alaska for its CAFR as of and for the fiscal year ended June 30, 2012. This is the tenth year the State of Alaska has received this award on the CAFR. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports. It represents a significant accomplishment by a government and its management.

To be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, the contents of which conform to GFOA standards and satisfy both generally accepted accounting principles and applicable legal requirements. The certificate is valid for only a one year period. We believe the CAFR for the State of Alaska as of and for the fiscal year ended June 30, 2013 conforms to the award criteria, and we are submitting it to the GFOA for review.

We wish to express our sincere appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each State agency, each component unit, and the dedicated staff within the Division of Finance.

Sincerely,

// signature on file //

Curtis Thayer
Acting Commissioner
Department of Administration

// signature on file //

Scot Arehart
Director
Division of Finance

// signature on file //

Lisa M. Pusich, CPA
Deputy Director
Division of Finance

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Katina Holmberg, CPA
State Accountant
Division of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Alaska

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

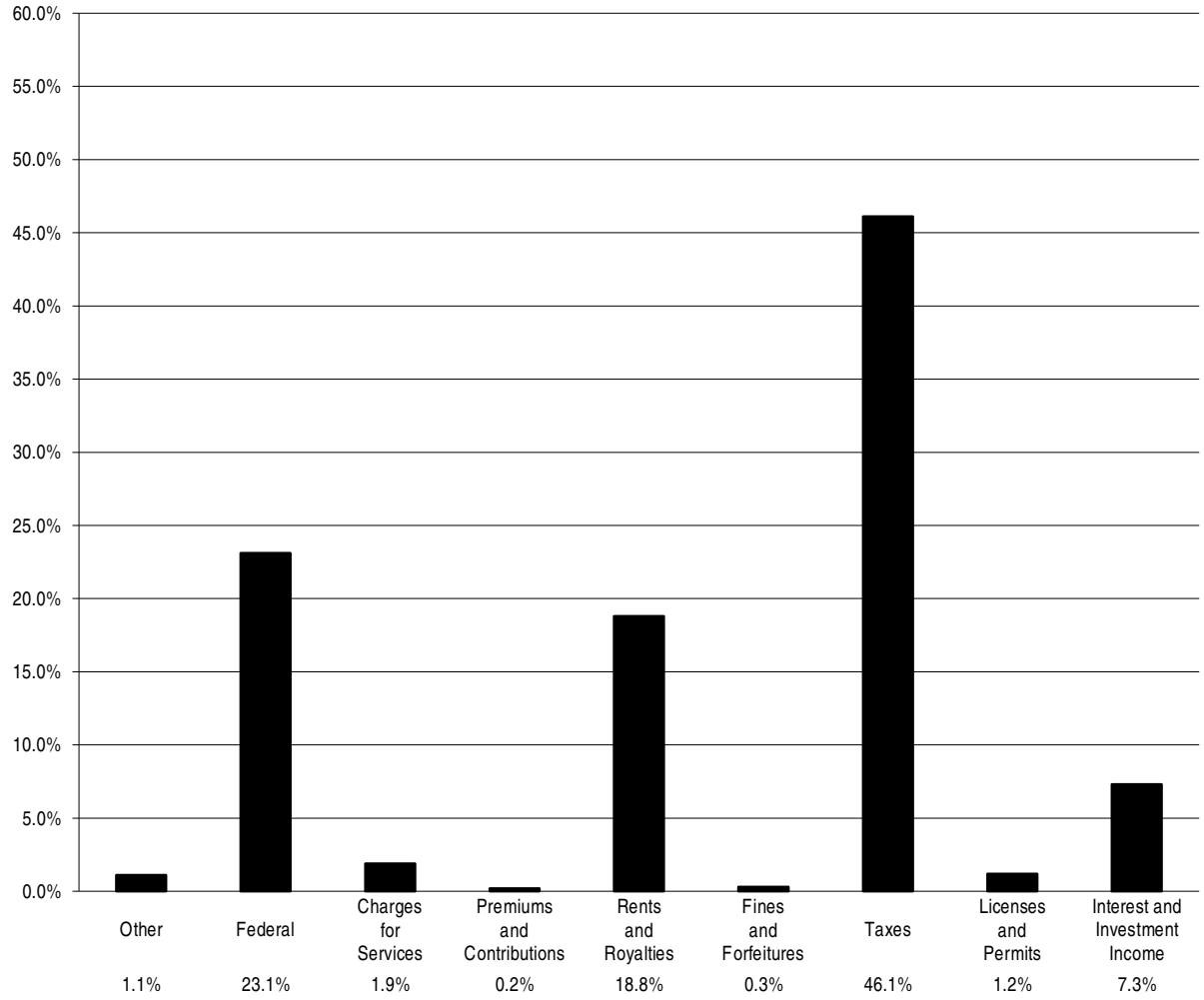
Executive Director/CEO

EXHIBIT 1

STATE OF ALASKA
GENERAL FUND
REVENUE SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

$10,335
(Millions)



STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY FUNCTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

$9,822
(Millions)

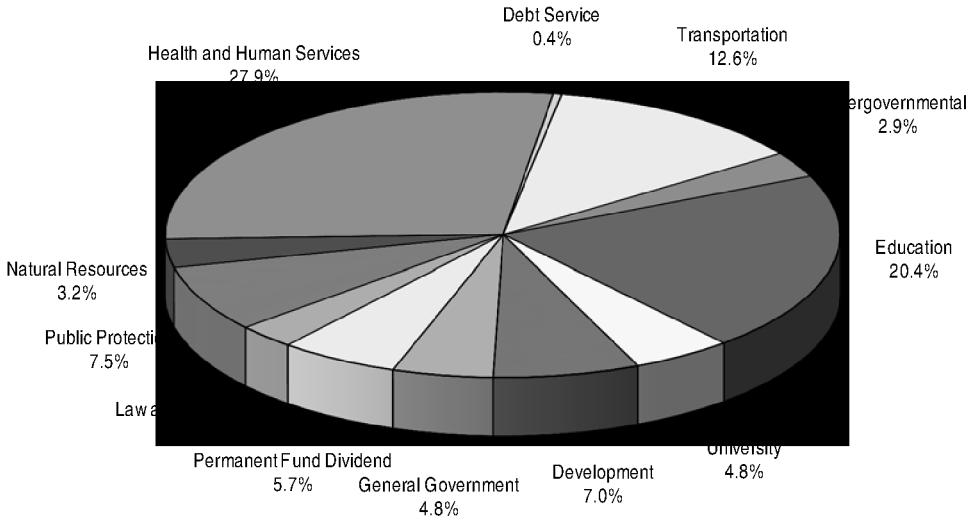
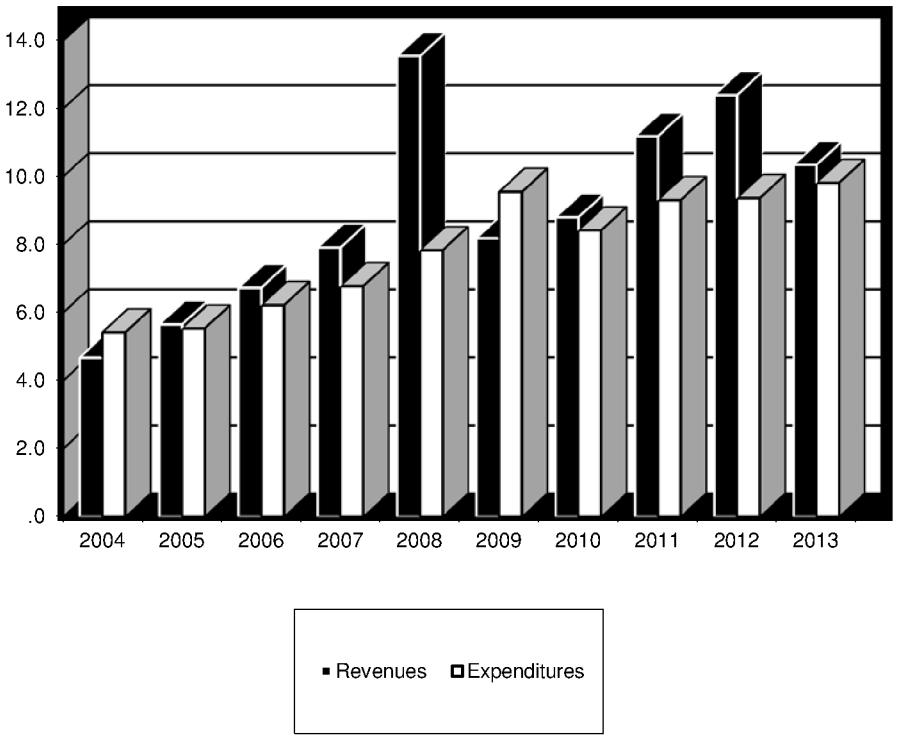


EXHIBIT 3

STATE OF ALASKA
GENERAL FUND
EXPENDITURES AND REVENUES

TEN YEAR COMPARISON
FOR THE FISCAL YEARS 2004 THROUGH 2013

(Stated in Billions)



STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

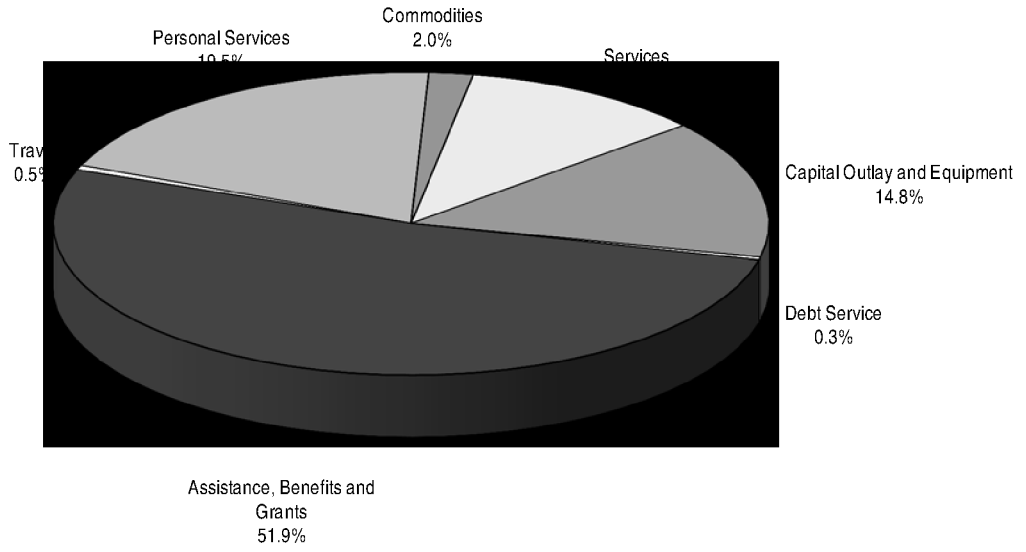
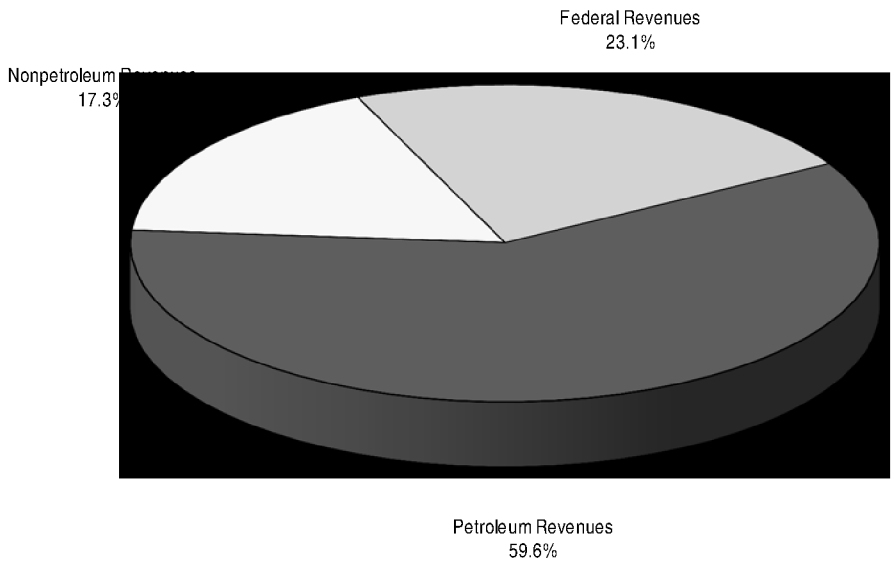


EXHIBIT 5

STATE OF ALASKA
GENERAL FUND
REVENUES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013



STATE OF ALASKA ORGANIZATION CHART

As of June 30, 2013

LEGISLATIVE BRANCH

LEGISLATURE

House of Representatives	Senate
Mike Chenault	Charlie Huggins
House Speaker	Senate President

EXECUTIVE BRANCH

GOVERNOR
Sean Parnell

LIEUTENANT GOVERNOR
Mead Treadwell

OFFICE OF THE GOVERNOR
Mike Nizich
Chief of Staff

ADMINISTRATION
Becky Hultberg
Commissioner

COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT
Susan Bell
Commissioner

CORRECTIONS
Joe Schmidt
Commissioner

EDUCATION AND EARLY DEVELOPMENT
Mike Hanley
Commissioner

ENVIRONMENTAL CONSERVATION
Larry Hartig
Commissioner

FISH AND GAME
Cora Campbell
Commissioner

HEALTH AND SOCIAL SERVICES
William Streur
Commissioner

LABOR AND WORKFORCE DEVELOPMENT
Dianne Blumer
Commissioner

LAW
Michael Geraghty
Attorney General

UNIVERSITY OF ALASKA
Board of Regents
Patrick Gamble
President

MILITARY AND VETERANS AFFAIRS
Major General Thomas Katkus
Commissioner

NATURAL RESOURCES
Daniel Sullivan
Commissioner

PUBLIC SAFETY
Joseph Masters
Commissioner

REVENUE
Bryan Butcher
Commissioner

TRANSPORTATION AND PUBLIC FACILITIES
Patrick Kemp
Commissioner

JUDICIAL BRANCH

ALASKA COURT SYSTEM

JUDICIAL COUNCIL

SUPREME COURT
Dana Fabe
Chief Justice

APPELLATE COURT
SUPERIOR COURT
DISTRICT COURT

———— Elected by popular vote (includes Lieutenant Governor, elected on same ticket as Governor).
———— Justices and Judges of the Courts nominated by Judicial Council, selected by Governor and thereafter subject to voter approval.
———— Department heads appointed by Governor and confirmed by the Legislature.

FUNCTIONS OF STATE DEPARTMENTS

OFFICE OF THE GOVERNOR

The Governor is the Chief Executive of the State. The Office of the Governor has the overall responsibility for coordinating the activities of state agencies to ensure that all programs are consistent with the governor's policy and objectives.

ADMINISTRATION

The Department of Administration centralizes services to provide more efficient, cost-effective support to state agencies and Alaskans. Services to state agencies include: Labor Relations and Personnel, Finance (payroll, accounting, and disbursements), General Services (purchasing, surplus property, mail, managing public buildings, and leases), Risk Management, Enterprise Technology Services (telecommunications and computer services), and Retirement and Benefits (public employers, public employees and retirees).

The department also provides services to the public through the: Division of Motor Vehicles, Division of Retirement and Benefits, Office of Public Advocacy, Public Defender Agency, Alaska Public Offices Commission, Alaska Oil and Gas Conservation Commission, Alaska Public Broadcasting Commission, Office of Administrative Hearings, and Violent Crimes Compensation Board.

COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT

The Department of Commerce, Community, and Economic Development promotes economic development, strengthens communities and provides consumer protection. To accomplish these, the department implements programs for sustainable business growth and reduced energy cost, regulates and enforces to provide a stable business climate, and provides technical and financial assistance and volunteerism outreach opportunities for communities.

The department consists of core agencies including: Division of Banking and Securities, Division of Corporations, Professional and Business Licensing, Division of Community and Regional Affairs, Division of Insurance, and the Division of Economic Development. Various corporate agencies are also part of the department, including: Alaska Industrial Development and Export Authority, Alaska Energy Authority, Alaska Railroad Corporation, Alaska Seafood Marketing Institute, Regulatory Commission of Alaska, Alcoholic Beverage Control Board and the Serve Alaska Commission.

CORRECTIONS

The Department of Corrections is responsible for public safety through the incarceration and supervision of offenders. The department operates 13 correctional facilities and jails that provide secure incarceration and appropriate rehabilitation programs for felons and misdemeanants; community residential centers; supervision and case management of probationers and parolees in the community; and oversight of 15 small community jails. Also included in the department is the Alaska Board of Parole, a quasi-judicial board that makes all parole related decisions.

EDUCATION AND EARLY DEVELOPMENT

The Department of Education and Early Development is responsible for Alaska's system of public education. The State Board of Education and Early Development is the executive board of the department. The board develops educational policy, promulgates regulations governing education, appoints the commissioner of Education and Early Development with the Governor's approval, and is the channel of communication between state government and the public for educational matters. Education policies are determined by the board and administered by the commissioner through department divisions. Programs administered include: public school funding, teacher certification, and student assessment. The department also operates Mt. Edgecumbe High School, the state's secondary boarding school program. The department administers the state libraries, archives, museum services, provides grants to the arts community, and provides financial aid to postsecondary students through the Alaska Commission on Postsecondary Education.

ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation is the state's regulatory agency responsible for protection of the environment and protection of citizens from unsafe sanitary practices.

To accomplish these results, the department develops and enforces standards for protection of the environment and the abatement of pollution to air, land and water; and controls sanitary practices related to food, drinking water and solid waste. Services to communities include financial and technical assistance for upgrading water, sewage and solid waste, assistance meeting health-based standards for air quality, and positioning oil spill response equipment for preparedness and cleanup of oil and hazardous substance releases.

Through partnerships with Alaska citizens, businesses, and communities, the department works to safely manage and reduce pollution and hazards to the environment and human health.

FISH AND GAME

The Department of Fish and Game's mission is to protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and well-being of the people of the state, consistent with the sustained yield principle in the Alaska Constitution. The commissioner and the department conduct management and research functions necessary to support this mission.

The Boards of Fisheries and Game are responsible for adopting regulations to conserve and develop the state's fish and wildlife resources. The Commercial Fisheries Entry Commission is a quasi-judicial agency that promotes resource conservation and sustained yield management by regulating entry into Alaska's commercial fisheries. The department also includes the Exxon Valdez Oil Spill Trustee Council, which oversees restoration of the injured ecosystem through the use of the $900 million civil settlement.

HEALTH AND SOCIAL SERVICES

The Department of Health and Social Services' mission is to promote and protect the health and well-being of Alaskans. The department and its eight divisions focus on three priority areas: health and wellness across the lifespan; health care access, delivery and value; and safe and responsible individuals, families and communities. Within these three priority areas, the department's seven core services are to: protect and promote the health of Alaskans; provide quality of life in a safe living environment for Alaskans; manage health care coverage for Alaskans in need; facilitate access to affordable health care for Alaskans; strengthen Alaska families; protect vulnerable Alaskans; and to promote personal responsibility and accountable decisions by Alaskans. Each of its eight divisions shares a department-wide service philosophy of delivering the right care to the right person at the right time for the right price.

The department's primary functions include: administering Medicaid services for low-income and disabled Alaskans through the Division of Health Care Services; operation of the Alaska Veterans and Pioneers Homes; support services for seniors, providing support to disabled Alaskans and vulnerable adults through the Division of Senior and Disabilities Services; providing child protection and family preservation programs through the Office of Children's Services; operating youth detention facilities, including helping offenders transition back into their communities, through the Division of Juvenile Justice; and offering basic financial assistance, with an emphasis on self-sufficiency, to Alaskans in need through the Division of Public Assistance.

The department is committed to prevention of illness, health promotion and protection, including emergency preparedness, through the Division of Public Health; and the Division of Behavioral Health oversees community-based mental health and substance abuse services across the continuum of care (prevention, early intervention, treatment and recovery programs), including operation of the Alaska Psychiatric Institute.

LABOR AND WORKFORCE DEVELOPMENT

The Department of Labor and Workforce Development is responsible for advancing opportunities for employment and insuring that employers provide safe and legal working conditions. The department offers employment services, unemployment insurance, adult basic education, job training, workers' compensation adjudication and rehabilitation services, the Fishermen's and Second Injury Funds, and vocational rehabilitation for people with disabilities. In addition, the department enforces laws and regulations assuring occupational safety and health, performs mechanical inspections, and administers state wage and hour laws; serves as the labor relations agency for public employment in the state; and collects, analyzes, and releases labor market and population statistics. Also included in the department are the Alaska Workforce Investment Board, the Workers' Compensation Appeals Commission and the Alaska Vocational Technical Center.

LAW

The Department of Law is responsible for ensuring safe communities in part through the prosecution and conviction of criminal offenders. The department files both misdemeanor and felony charges; serves as legal advisor to grand juries; and represents the state in all phases of criminal trial and appellate proceedings. It provides legal assistance to state and local law enforcement, the Department of Corrections and the Division of Juvenile Justice. It also works in partnership with executive, legislative, and judicial agencies by providing legal advice and representing the state in all actions in which it is a party. Such actions include protecting Alaska's children and youth by handling child abuse, neglect, and delinquency cases expeditiously; resolving questions of state versus federal control of natural resources; ensuring that the state receives its correct share of oil and gas taxes and royalties; collecting money owed to the state by businesses and individuals for child support, fines, and other unpaid obligations; and defending the state against claims for personal injury and other damages.

MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs is responsible for the Alaska Army and Air National Guard, the Division of Homeland Security and Emergency Management, the Office of Veterans Affairs, the Alaska Military Youth Academy, and the Alaska State Defense Force and Alaska Naval Militia. The commissioner serves as the Adjutant General of the State of Alaska and exercises day to day command over the Alaska National Guard comprised of approximately 4,000 Army and Air guardsmen. The strategic mission includes the responsibility for protecting lives and property from terrorism and all other hazards, and to provide rapid recovery from all disasters through the Division of Homeland Security and Emergency Management. The department is also responsible for managing the Alaska Military Youth Academy, which is an accredited special purpose school offering the ChalleNGe program to high school dropouts. The department also provides interactive activities to elementary school students in aviation, science, technology, engineering, math, and space exploration through the STARBASE program. Lastly, the department serves as an advocate on issues affecting Alaska's veteran population.

NATURAL RESOURCES

The Department of Natural Resources manages the majority of state-owned land, water and natural resources, except fish and game. These resources include approximately 100 million acres of uplands; 60 million acres of tidelands, shore lands, and submerged lands; and 40,000 miles of coastline. Strategic missions include: Responsibly develop Alaska's resources by making them available for maximum use and benefit consistent with the public interest; foster responsible commercial development and use of state land and natural resources consistent with the public interest, for long-term wealth and employment; provide access to state lands for public and private use, settlement, and recreation; ensure sufficient data acquisition and assessment of land and resources to foster responsible resource development; mitigate threat to the public from natural hazards by providing comprehensive fire protection services on state, private, and municipal lands, and through identifying significant geological hazards, and promoting and encouraging an agriculture industry within the state. The department also manages the oversight of the Alaska Pipeline Project, designed to advance construction of a natural gas pipeline from the North Slope to market.

The department serves the state from offices located in 30 Alaskan communities, and encompasses the divisions of Agriculture; Forestry; Geological and Geophysical Surveys; Mining, Land and Water; Oil & Gas; and Parks and Outdoor Recreation and Support Services; the Gas Pipeline Project Office; the Office of Project Management and Permitting; the Mental Health Trust Land Office; the State Pipeline Coordinator's Office; the Citizens Advisory Commission on Federal Areas, the Natural Resources Conser-

vation and Development Board, and the Seismic Hazards Safety Commission.

The department is responsible for managing the two largest oil and gas fields in North America; a park system that contains one-third of the nation's state park lands; 40% of the nation's fresh water; fire suppression management for over 134 million acres; forest resource management in three state forests totaling over 2 million acres; mineral management involving 47,412 mining claims; an agricultural program that encompasses approximately 700 farms; a comprehensive archive of indigenous plant materials; and a geologic sample archive representing more than 13 million feet of oil and gas exploration and production drilling, and 450,000 feet of mineral exploration core drilling throughout the state.

PUBLIC SAFETY

The Department of Public Safety is responsible for the enforcement of state laws including criminal and fish and wildlife protection laws, fire and life safety, search and rescue, and highway safety laws; providing forensic crime laboratory services to law enforcement statewide; certifying police proficiency; providing basic police academy and specialized training to municipal and state law enforcement agencies; oversight of the Village Public Safety Officer Program; and assisting victims of domestic violence and sexual assault.

REVENUE

The Department of Revenue administers and enforces tax and charitable gaming laws; collects, invests, and manages state funds and public employee pension trust funds; administers the Permanent Fund Dividend, Shared Taxes and Child Support Services programs; administers licensing programs mandated by statute; issues state general obligation, revenue and lease debt, and authorizes certain agency debt. Other state entities associated with the department for administrative purposes are: Alaska Permanent Fund Corporation, Alaska Housing Finance Corporation, Alaska Housing Capital Corporation, Alaska Municipal Bond Bank Authority, Alaska Mental Health Trust Authority, Alaska Retirement Management Board, Alaska Natural Gas Development Authority, Alaska Gasline Development Corporation, Northern Tobacco Securitization Corporation, and the State Bond Committee.

TRANSPORTATION AND PUBLIC FACILITIES

The Department of Transportation and Public Facilities is responsible for the planning, research, design, construction, maintenance, operation, and protection of all state transportation systems and many public facilities. This includes 255 state-owned airports and seaplane bases, 5,619 miles of state roads, 720 buildings ranging from maintenance shops to state office complexes, and 25 harbor facilities. In addition, the department owns and operates the Alaska Marine Highway System, serving 33 Alaskan communities, Bellingham, WA, and Prince Rupert, BC with a fleet of 11 ships. The department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities of approximately 8,200 light- and heavy-duty vehicles and attachments for state departments, agencies and offices.

ALASKA STATE LEGISLATURE
Twenty-Eighth Legislature, First Session (2013)

Senate District	Senator (Party)	City	House District	Representative (Party)	City
A	John Coghill (R)	Fairbanks	1	Doug Isaacson (R)	North Pole
			2	Tammie Wilson (R)	North Pole
B	Pete Kelly (R)	Fairbanks	3	Steve Thompson (R)	Fairbanks
			4	Scott Kawasaki (D)	Fairbanks
C	Click Bishop (R)	Fairbanks	5	Pete Higgins (R)	Fairbanks
			6	Eric Feige (R)	Chickaloon
D	Mike Dunleavy (R)	Wasilla	7	Wes Keller (R)	Wasilla
			8	Shelley Hughes (R)	Palmer
E	Charlie Huggins (R)	Wasilla	9	Lynn Gattis (R)	Wasilla
			10	Mark Neuman (R)	Wasilla
F	Fred Dyson (R)	Eagle River	11	Bill Stolze (R)	Chugiak
			12	Dan Saddler (R)	Eagle River
G	Bill Wielechowski (D)	Anchorage	13	Gabrielle LeDoux (R)	Anchorage
			14	Max Gruenberg (D)	Anchorage
H	Berta Gardner (D)	Anchorage	15	Andy Josephson (D)	Anchorage
			16	Harriet Drummond (D)	Anchorage
I	Johnny Ellis (D)	Anchorage	17	Geran Tarr (D)	Anchorage
			18	Les Gara (D)	Anchorage
J	Hollis French (D)	Anchorage	19	Lindsey Holmes (R)	Anchorage
			20	Mia Costello (R)	Anchorage
K	Lesil McGuire (R)	Anchorage	21	Craig Johnson (R)	Anchorage
			22	Chris Tuck (D)	Anchorage
L	Kevin Meyer (R)	Anchorage	23	Bob Lynn (R)	Anchorage
			24	Charisse Millett (R)	Anchorage
M	Anna Fairclough (R)	Eagle River	25	Lance Pruitt (R)	Anchorage
			26	Lora Reinbold (R)	Eagle River
N	Cathy Giessel (R)	Anchorage	27	Mike Hawker (R)	Anchorage
			28	Mike Chenault (R)	Nikiski
O	Peter Micciche (R)	Soldotna	29	Kurt Olson (R)	Soldotna
			30	Paul Seaton (R)	Homer
P	Dennis Egan (D)	Juneau	31	Cathy Munoz (R)	Juneau
			32	Beth Kerttula (D)	Juneau
Q	Bert Stedman (R)	Sitka	33	Peggy Wilson (R)	Wrangell
			34	Jonathan Kreiss-Tomkins (D)	Sitka
R	Gary Stevens (R)	Kodiak	35	Alan Austerman (R)	Kodiak
			36	Bryce Edgmon (D)	Dillingham
S	Lyman Hoffman (D)	Bethel	37	Bob Herron (D)	Bethel
			38	David Guttenberg (D)	Fairbanks
T	Donald Olson (D)	Golovin	39	Neal Foster (D)	Nome
			40	Benjamin Nageak (D)	Barrow

LEADERSHIP

STATE SENATE
Charlie Huggins, Senate President

HOUSE OF REPRESENTATIVES
Mike Chenault, Speaker of the House

FINANCE COMMITTEES

STATE SENATE
Pete Kelly, Co-Chair
Kevin Meyer, Co-Chair
Anna Fairclough, Vice-Chair

Members:
Mike Dunleavy, Click Bishop
Donald Olson, Lyman Hoffman

HOUSE OF REPRESENTATIVES
Alan Austerman, Co-Chair
Bill Stoltze, Co-Chair
Mark Neuman, Vice-Chair

Members:
Mia Costello, Bryce Edgmon, Lindsey Holmes
Cathy Munoz, Steve Thompson, Tammie Wilson,
Les Gara, David Guttenberg

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Financial Section

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ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@akleg.gov

Independent Auditor's Report

Citizens of the State of Alaska:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Alaska Permanent Fund, International Airports Fund, University of Alaska, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Railroad Corporation, Alaska Energy Authority, Alaska Municipal Bond Bank Authority, Alaska Housing Capital Corporation, Alaska Clean Water Fund, Alaska Drinking Water Fund, Pension and Other Employee Benefit Trust Funds, and Invested Assets Under the Investment Authority of the Commissioner of Revenue. As shown on the following page, those financial statements reflect assets, and revenues of the indicated opinion units.

Opinion Unit	Percent of Assets	Percent of Revenues
Governmental Activities	90%	38%
Business-Type Activities	76%	35%
Aggregate Discretely Presented Component Units	89%	92%
Major Funds:		
General Fund	91%	6%
Alaska Permanent Fund	100%	100%
Alaska International Airports	100%	100%
Aggregate Remaining Fund Information	90%	78%

Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for those accounts, funds, retirement plans, and component units, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

In 2013, the State of Alaska and its components adopted the provisions of Governmental Accounting Standards Board Statement Number 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. Note 1F to the financial statements includes a discussion of deferred outflows and inflows of resources and of net inflows. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule and the Corresponding Notes, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the other information such as the introductory section, statistical section, index of funds, legends of acronyms, and section divider pages are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section, index of funds, legends of acronyms, and section divider pages have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

// signature on file //

Kris Curtis, CPA CISA
Legislative Auditor

Juneau, Alaska
December 11, 2013

As management of the State of Alaska, we offer readers of the State's financial statements this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the preceding pages of this report, and the financial statements that follow.

Financial Highlights

Government-wide

- The assets of the State exceeded its liabilities at the close of FY 13 by $76.0 billion (net position). Of this amount, $6.8 billion is invested in capital assets, $42.6 billion is restricted for various purposes, and unrestricted net position is $26.6 billion. Unrestricted net position may be used to meet the State's ongoing obligations to citizens and creditors.
- The State's total net position increased by $5.9 billion as a result of this year's operations. This increase is primarily attributable to interest and investment gains.

Fund level

- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $69.0 billion, with $27.1 billion unrestricted (includes committed, assigned, and unassigned), $41.4 billion nonspendable, and $503 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes $40.8 billion of the Alaska Permanent Fund principal with the remaining related to nonspendable assets such as inventory, advances and prepaid items, and the principal of other nonmajor permanent funds.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was a surplus of $22.4 billion. This is an increase of $1.1 billion from FY 12. The increase is mainly attributable to investment gains.

Long-term debt

- As a result of this year's activity, the State's total long-term debt increased by $259 million (9.5 percent). The increase in debt is primarily due to the sale of General Obligation Bonds. Additional information regarding long-term debt can be found in Note 6.

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements (reporting on the State as a whole)

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. It includes all of the State's funds and component units except for fiduciary funds. However, the primary focus of the statements is clearly on the State and the presentation allows the user to address the relative relationship with the discretely presented component units.

The statement of net position presents information on all of the State's assets, liabilities and deferred outflows and inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in net position should serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

- Governmental Activities – Most of the State's basic services are reported in this category. Governmental activities are principally supported by interest and investment income, taxes, rents and royalties, and intergovernmental revenues. The

Legislature, the Judiciary, and the general operations of the Executive departments fall within the governmental activities.
- Business-type Activities – The State charges fees to customers to help it cover all or most of the cost of certain services it provides. The State's International Airports Fund, the various loan funds, and the Unemployment Compensation fund are examples of business-type activities.
- Discretely Presented Component Units – Component units are legally separate organizations for which the State is financially accountable. The State has one university and eleven corporations and authorities that are reported as discretely presented component units of the State.

The government-wide financial statements are statement numbers 1.01 and 1.02.

This report includes two statements (statement numbers 1.12 and 1.14) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the appropriate government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting.

- Capital assets (land, buildings, equipment, infrastructure, intangibles, and construction in progress) used in governmental activities are not reported in governmental fund statements.
- Internal service funds are reported as governmental activities in the government-wide financial statements, but are reported as proprietary funds in the fund financial statements.
- Certain revenues, unavailable to pay for current period expenditures, are not reported in the governmental fund statements.
- Unless due and payable in the current period, certain long-term liabilities such as capital lease obligations, compensated absences, litigation, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets in the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities in the government-wide statements, but are recorded as other financing sources in the governmental fund statements.

Fund Financial Statements (reporting on the State's major funds)

The fund financial statements are statement numbers 1.11 through 1.42 and provide detailed information about the major individual funds. The State has three major funds, the General Fund, the Alaska Permanent Fund, which are included in the governmental fund statements, and the International Airports Fund, which is included in the proprietary fund statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Alaska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. We have also included the discretely presented component units in the fund financial statements and include detailed information on the three major component units, the University of Alaska, Alaska Housing Finance Corporation, and Alaska Industrial Development and Export Authority.

Governmental funds – Most of the State's basic services are reported in the governmental funds. Governmental funds include the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Governmental fund financial statement focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund financial statements are statement numbers 1.11 through 1.14.

As mentioned earlier, the State has only two major governmental funds, the Alaska Permanent Fund and the General Fund. Together these two funds represent 96.6 percent of total government-wide cash and investments and 88.8 percent of total government-wide net position (excluding component units). The governmental funds financial statements present detail on each of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

The State's main operating fund is the General Fund. However, the State maintains many accounts and subfunds within the General Fund, including the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund

Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each of these subfunds is provided in the combining statement for the General Fund elsewhere in this report.

Proprietary funds – When the State charges customers for the services it provides, whether to outside customers or to other State agencies, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting, the same method used by private-sector businesses. Enterprise funds are used to report activities that provide supplies and services to the general public. The State uses enterprise funds to account for activities such as international airports operations, various loan funds, and the unemployment compensation fund. These activities are reported within business-type activities on the government-wide financial statements.

Internal service funds account for activities that provide supplies and services for other State programs. These include, among others, the State's equipment fleet and data processing/telecommunications. Because these services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements are statement numbers 1.21 through 1.23. The International Airports Fund is a major enterprise fund of the State of Alaska. The International Airports Fund is 7.8 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail on this fund with summarized information on all other proprietary funds. In addition, detail for each of the nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

Fiduciary funds – The State acts as a trustee or fiduciary for its employee pension plans. In addition, it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These funds, which include pension (and other employee benefit) and agency funds, are reported using accrual accounting. Since fiduciary assets are restricted in purpose and are not available to support the State's own programs, these fiduciary assets are not presented as part of the government-wide financial statements.

The fiduciary fund financial statements are statement numbers 1.31 and 1.32.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the component unit statement of activities (statement number 1.42).

Additional Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the General Fund reconciling the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end (statement number 2.01).

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds, as well as nonmajor discretely presented component units. These nonmajor funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually on the fund financial statements. Only the major funds, the General Fund, the Alaska Permanent Fund, and the International Airports Fund are presented individually on the primary government fund financial statements. Schedules of revenues, expenditures, and changes in fund balances – budget and actual are also presented for all governmental funds with annually adopted budgets.

Government-wide Financial Analysis

As noted earlier, net position should serve over time as a useful indicator of a government's financial position. State assets exceeded liabilities by $76.0 billion at the close of the most recent fiscal year (see table below). By far the largest portion of the State's net position (59 percent) reflects its investments held in the Alaska Permanent Fund. However, the majority of these assets are not available for future spending since the principal of the fund ($40.8 billion) may not be spent.

The remainder of the State's net position (41 percent) represents net investment in capital assets ($6.8 billion), resources that are subject to external restrictions of how they may be used ($1.7 billion), and the remaining unrestricted net position of $22.6 billion, which excludes $4.1 billion that is in the Alaska Permanent Fund.

Net Position
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY13	FY12	FY13	FY12	FY13	FY12
Current and Other Noncurrent Assets	$ 75,016	$68,884	$ 1,237	$ 1,138	$ 76,253	$ 70,022
Capital Assets	6,717	6,490	1,335	1,295	8,052	7,785
Total Assets	81,733	75,374	2,572	2,433	84,305	77,807
Long-term Liabilities	2,428	2,155	572	586	3,000	2,741
Other Liabilities	5,282	4,926	18	17	5,300	4,943
Total Liabilities	7,710	7,081	590	603	8,300	7,684
Net Position:						
Net Investment in Capital Assets	5,940	5,785	847	806	6,787	6,591
Restricted	41,812	39,110	778	680	42,590	39,790
Unrestricted	26,271	23,398	357	344	26,628	23,742
Total Net Position	$ 74,023	$68,293	$ 1,982	$ 1,830	$ 76,005	$ 70,123

The net position of governmental activities increased $5,730 million and business-type activities increased $152 million as a result of this year's operations. Although the governmental activities experienced a significant decrease ($2.6 billion) in petroleum related revenue (taxes and rents and royalties), the decrease was offset by an increase in interest and investment gains ($4.9 billion). The increase in business-type activities is primarily due to an increase in charges for services, royalties and other fees along with a decrease in unemployment compensation expenditures.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net position changed during FY 13.

Changes in Net Position

(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12
Revenues						
Program Revenues						
Charges for Services	$ 3,190	$ 3,355	$ 359	$ 320	$ 3,549	$ 3,675
Operating Grants	1,867	1,846	81	118	1,948	1,964
Capital Grants	651	649	109	111	760	760
General Revenues						
Taxes	4,787	7,187	-	-	4,787	7,187
Interest and Investment Income/(Loss)	5,208	318	(17)	(14)	5,191	304
Payments In from Component Units	32	40	16	-	48	40
Other Revenues	99	59	4	9	103	68
Total Revenues	15,834	13,454	552	544	16,386	13,998
Expenses						
General Government	573	504	-	-	573	504
Alaska Permanent Fund Dividend	563	758	-	-	563	758
Education and University	2,645	2,405	-	-	2,645	2,405
Health and Human Services	2,717	2,596	-	-	2,717	2,596
Law and Justice	267	278	-	-	267	278
Public Protection	730	703	-	-	730	703
Natural Resources	376	404	-	-	376	404
Development	701	598	5	6	706	604
Transportation	1,157	1,111	-	-	1,157	1,111
Intergovernmental	287	254	-	-	287	254
Debt Service	64	73	-	-	64	73
Loans	-	-	8	11	8	11
Unemployment Compensation	-	-	259	303	259	303
Airports	-	-	151	144	151	144
Total Expenses	10,080	9,684	423	464	10,503	10,148
Excess (Deficiency) of Revenues						
Over Expenditures	5,754	3,770	129	80	5,883	3,850
Transfers	(23)	(3)	23	3	-	-
Change in Net Position	5,731	3,767	152	83	5,883	3,850
Net Position - Beginning of Year	68,292	64,526	1,830	1,747	70,122	66,273
Net Position - End of Year	$ 74,023	$ 68,293	$ 1,982	$ 1,830	$ 76,005	$ 70,123

Financial Analysis of the State's Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned, assigned, and committed fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of $69.0 billion, an increase of $5.7 billion in comparison with the prior year. This increase is primarily from the Alaska Permanent Fund investment gains.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of $16.4 billion, and $6.0 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an assigned fund balance of $4.1 billion, and the remaining nonmajor governmental funds had committed fund balances of $598 million. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending such as the principal of the Alaska Permanent Fund ($40.8 billion), and other items that are nonspendable, such as inventory, advances and prepaid items, and principal ($608 million), and amounts restricted for a variety of other purposes ($503 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unrestricted fund balance (includes committed, assigned, and unassigned) of the General Fund was $22.4 billion, while total fund balance reached $22.6 billion. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 229 percent of total General Fund expenditures, while total fund balance represents 230 percent of that same amount.

The fund balance of the State's General Fund increased by $1.1 billion during the current fiscal year. Even with the decrease in petroleum related revenue, taxes remain the most significant form of revenue for the State.

General Fund revenues for FY 13 were $10.3 billion, a decrease of $2.1 billion compared to revenues of $12.4 billion for FY 12. Revenues by source for FY 13 are compared to FY 12 in the following schedule (in millions):

Revenue Source	FY 13	Percent	FY 12	Percent
Taxes	$ 4,765.8	46.1%	$ 7,163.6	57.7%
Rents and Royalties	1,949.6	18.8%	2,062.1	16.6%
Interest and Investment Income/(Loss)	766.7	7.4%	309.5	2.5%
Federal	2,392.4	23.1%	2,464.9	19.9%
Miscellaneous	471.4	4.6%	411.2	3.3%
Total Revenue	$ 10,345.9	100.0%	$ 12,411.3	100.0%

The primary component of this revenue decrease is petroleum related income compared to the previous year. The State received $2.6 billion less in taxes and royalties due to several factors; a decrease in wellhead value, decrease in overall production, and the change in tax calculations with the passage of the More Alaska Production Act.

Alaska Permanent Fund

The Alaska Permanent Fund (fund) is an asset of the State of Alaska that is managed by the Alaska Permanent Fund Corporation, an instrumentality of the State of Alaska.

In 1976 the Alaska constitution was amended to provide that: *At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.*

The fund is made up of two parts.

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. At June 30, 2013, this amounted to $36.6 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: $14.5 billion in dedicated mineral revenues; $15.1 billion of fund realized earnings transferred to principal for inflation proofing; $6.9 billion in additional deposits approved by special legislative appropriation, and $153 million in settlement earnings (*State v. Amerada Hess, et al.*).

  A portion of accumulated unrealized appreciation on invested assets is also part of the nonspendable fund balances. The unrealized amounts allocated to contributions and appropriations are nonspendable, unless and until they become realized, at which point they will be transferred to the assigned fund balance. The portion of the unrealized appreciation at the end of the fiscal year allocated to principal amounted to $4.2 billion.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation per AS 37.13.145, consist of the realized earnings of the fund and a portion of accumulated unrealized appreciation. From inception through June 30, 2013, realized earnings (both gains and losses) have amounted to $43.9 billion. Of this amount $20.5 billion has been paid out for dividends, $15.1 billion has been transferred to principal for inflation proofing, $4.3 billion has been added to principal by special appropriation, $480 million has been paid out to the General Fund, and $3.6 billion remains in the fund at June 30, 2013 in the realized earnings account. The portion of the unrealized appreciation at the end of the fiscal year allocated to the assigned fund balance amounted to $567 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a $2.1 billion increase in appropriations (or 12 percent) and can be briefly summarized as follows:

- $1,230.9 million increase allocated to education
- $312.3 million increase allocated to transportation
- $168.5 million increase allocated to public protection
- The balance is allocated across several expenditure functions

Of this overall increase in appropriated expenditures, $366.6 million was funded out of an increase in interagency receipts, which represent purchases between departments. The remaining increase was funded with money transferred from the Statutory Budget Reserve Fund (SBR) of $526 million. Please see note 2 for additional information on the SBR.

Budgets for these program areas are difficult to predict. It is not unusual for additional budget authority to be granted when new funding sources become available. However, the increase in the final budget for education is easily identifiable. The increase in budgetary authority for the education function is mainly attributable to additional funding necessary to support the education formula-driven programs within the Public Education Fund, a subfund of the General Fund. Expenditures for public education and pupil transportation are not included in the original budget.

Capital Assets and Debt Administration

Capital assets. The State's net investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to $6.8 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 13 totaled $460 million for governmental activities and $66 million for business-type activities.

Capital Assets
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12
Land	$ 912	$ 868	$ 31	$ 31	$ 943	$ 899
Buildings	1,334	1,190	771	750	2,105	1,940
Equipment	453	451	36	32	489	483
Infrastructure	2,712	2,614	415	412	3,127	3,026
Construction in Progress	1,306	1,367	82	70	1,388	1,437
Total Capital Assets	$ 6,717	$ 6,490	$ 1,335	$ 1,295	$ 8,052	$ 7,785

In FY 13, increases were primarily in infrastructure with an increase of $101 million and an increase in buildings of $165 million. This increase is attributable to large capital budgets in recent years. Additional information on the State's capital assets can be found in Note 5 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the State had total bonded debt outstanding of $1,862 million. Of this amount, $894 million was general obligation bonds, and $968 million of revenue bonds payable comprised of $361 million issued by the Northern Tobacco Securitization Corporation (NTSC), $42 million of sport fishing revenue bonds, and $565 million issued by the International Airport Fund. The general obligation bonds are secured by the full faith, credit, and resources of the State, whereas the NTSC bonds are secured by and payable solely from Tobacco Settlement Revenues (TSRs). Neither the State of Alaska, nor the Alaska Housing Finance Corporation (of which NTSC is a subsidiary) is liable for any debt issued by NTSC. The sport fishing revenue bonds are secured by the sport fishing facilities surcharge imposed under AS 16.05.340 and related federal revenues. The remaining $565 million are International Airports revenue bonds secured solely by specified revenue sources. The general obligation, NTSC, and sport fishing bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

Long-term Debt
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12
Revenue Bonds Payable	$ 403	$ 414	$ 565	$ 580	$ 968	$ 994
General Obligation Debt	894	610	-	-	894	610
Capital Leases Payable	342	360	-	-	342	360
Unearned Revenues and Advances	397	380	1	-	398	380
Certificates of Participation	5	11	-	-	5	11
Compensated Absences	176	170	5	5	181	175
Claims and Judgments	111	98	-	-	111	98
Pollution Remediation	99	108	1	1	100	109
Other Noncurrent Liabilities	1	1	-	-	1	1
Net Pension Obligation	-	3	-	-	-	3
Total	$ 2,428	$ 2,155	$ 572	$ 586	$ 3,000	$ 2,741

The State's total debt increased by $259 million (9.45 percent) as a result of this year's operations. The increase in debt is primarily due to issuance of General Obligation Bonds.

Additional information of the State's long-term debt can be found in Note 6 in the notes to the basic financial statements.

Significant Facts

State petroleum revenues decreased from FY 12 to FY 13. The weighted average production tax rate was lower and was applied to a wellhead value of $97.81 per barrel. In FY 12 $103.84 per barrel average was realized. This resulted in a decrease of General Fund tax and royalty revenue close to $2.5 billion from FY 12.

Another significant factor affecting revenues was an increase of $4.9 billion in interest and investment income between FY 12 and FY 13. In FY12 the Alaska Permanent Fund (APF) experienced investment income loss of $1.6 million, compared to a gain of $4.4 billion in FY13. The APF experienced a total fund return of 10.93 percent for FY 13. FY 2013's results are in the upper half of the range of returns since 1985, which have ranged from -17.96 percent to 25.58 percent. Please see Note 1 for further information regarding this blended component unit and how to obtain the separately issued financial statements.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 13 was 6.5 percent, which is lower than the average unemployment rate for FY 12 of 7.9 percent. Alaska's five year average (2009 to 2013) was 7.3 percent. The United States unemployment rate for FY 13 was 7.8 percent.

- The State's major source of unrestricted revenue for the General Fund is petroleum related, which accounted for 60 percent of total revenue, with federal revenue making up another 23 percent, and the balance coming from other sources. As a result, the State's budget is structured around these two revenue sources. During the fiscal year the price per barrel decreased, resulting in a lower tax rate and a decrease of $2.6 billion in petroleum revenues. Federal funds are generally restricted for use in federal programs and therefore do not provide resources for balancing the State budget.

- FY 13 crude oil and natural gas liquids production in the State of Alaska averaged 544 thousand barrels per day. This is 35 thousand barrels per day less than in the prior year (a state wide effective decline of 6 percent). FY 13 production, follows the last 25 years of overall decline, which started in 1988 when production peaked at 2.049 million barrels per day. The current level is now just 26.6 percent of that peak production.

- The State of Alaska FY 13 budgeted expenditures include certain items that are unique to Alaska, such as the Alaska Permanent Fund Dividend and State-operated Pioneer Homes. The Alaska Permanent Fund Dividend ($878/resident) was paid to each qualifying Alaskan for a total of $563 million.

Requests for Information

This financial report is designed to provide a general overview of the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Alaska, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204.

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Basic Financial Statements

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STATE OF ALASKA **STATEMENT 1.01**
Statement of Net Position
Government-wide
June 30, 2013
(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 69,881,746	$ 706,482	$ 70,588,228	$ 2,865,920
Accounts Receivable - Net	842,305	38,880	881,185	49,753
Interest and Dividends Receivable	109,533	17,018	126,551	34,598
Internal Balances	63,389	(63,389)	-	-
Due from Primary Government	-	-	-	102,219
Due from Component Units	3,463	-	3,463	4,472
Due from Other Governments	508,698	4,472	513,170	49,452
Loans, Notes, and Bonds Receivable	17,301	399,641	416,942	3,608,155
Inventories	20,222	-	20,222	16,826
Repossessed Property	-	615	615	350
Net Investment in Direct Financing Leases	-	-	-	250,137
Investments in Projects, Partnerships, or Corporations	-	2,787	2,787	44,436
Restricted Assets	14	117,352	117,366	1,658,297
Securities Lending Collateral	3,451,974	-	3,451,974	32,092
Other Assets	117,721	12,936	130,657	201,886
Capital Assets:				
Equipment, Net of Depreciation	453,420	34,525	487,945	266,217
Buildings, Net of Depreciation	1,334,195	771,450	2,105,645	908,442
Library and Museum Collections	-	-	-	61,698
Infrastructure, Net of Depreciation	2,711,316	415,396	3,126,712	841,790
Land / Right-of-Way	911,935	31,202	943,137	109,681
Construction in Progress	1,306,007	82,284	1,388,291	614,887
Total Assets	81,733,239	2,571,651	84,304,890	11,721,308
DEFERRED OUTFLOWS OF RESOURCES				
Change in Fair Value-Interest Rate Swaps	-	-	-	136,070
Total Deferred Outflows of Resources	-	-	-	136,070
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,777,718	7,688	1,785,406	165,544
Obligations Under Securities Lending	3,451,974	-	3,451,974	32,092
Due to Primary Government	-	-	-	107,597
Due to Component Units	35,808	-	35,808	4,763
Due to Other Governments	32	2,594	2,626	2,177
Interest Payable	16,138	6,661	22,799	29,231
Derivative Instruments	-	-	-	138,635
Other Current Liabilities	182	417	599	43,101
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	204,915	3,851	208,766	16,666
Unearned Revenue	29,488	1,462	30,950	24,126
Notes, Bonds, and Leases Payable	223,823	14,350	238,173	198,229
Other Long-term Debt	-	-	-	4,405
Other Noncurrent Liabilities	523	-	523	657
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	181,324	2,040	183,364	5,193
Unearned Revenue	367,693	-	367,693	547,674
Notes, Bonds, and Leases Payable	1,419,864	550,679	1,970,543	3,741,872
Other Long-term Debt	-	-	-	31,129
Other Noncurrent Liabilities	468	-	468	30,553
Total Liabilities	7,709,950	589,742	8,299,692	5,123,644
NET POSITION				
Net Investment in Capital Assets	5,940,490	847,214	6,787,704	1,826,431
Restricted for:				
Permanent Funds				
Nonexpendable	41,299,265	-	41,299,265	409,256
Expendable	10,328	-	10,328	108,537
Education	166,890	-	166,890	516,562
Development	272,507	-	272,507	82,471
Unemployment Compensation	-	311,084	311,084	-
Health and Human Services	16,788	426,194	442,982	-
Debt Service	40,252	17,579	57,831	635,654
Other Purposes	5,781	22,695	28,476	54,671
Unrestricted	26,270,988	357,143	26,628,131	3,100,152
Total Net Position	$ 74,023,289	$ 1,981,909	$ 76,005,198	$ 6,733,734

The notes to the financial statements are an integral part of this statement.

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ 572,776	$ 12,374	$ 20,883	$ 447
Alaska Permanent Fund Dividend	562,621	-	-	-
Education	2,076,009	4,123	232,390	31
University	568,955	-	1,998	-
Health and Human Services	2,717,565	48,904	1,300,712	58,450
Law and Justice	266,949	12,960	22,154	118
Public Protection	729,682	179,861	71,359	3,541
Natural Resources	376,333	2,864,093	80,211	22,791
Development	700,695	2,472	79,093	1,821
Transportation	1,156,853	65,158	33,672	552,157
Intergovernmental Revenue Sharing	287,028	-	24,431	-
Debt Service	64,334	-	-	11,948
Total Governmental Activities	10,079,800	3,189,945	1,866,903	651,304
Business-type Activities:				
Loans	8,350	11,477	635	15,847
Unemployment Compensation	258,709	237,694	80,145	-
Airports	151,125	107,864	-	89,332
Development	4,820	1,765	-	3,973
Total Business-type Activities	423,004	358,800	80,780	109,152
Total Primary Government	$ 10,502,804	$ 3,548,745	$ 1,947,683	$ 760,456
Component Units:				
University of Alaska	$ 838,469	$ 187,316	$ 229,417	$ 45,302
Alaska Housing Finance Corporation	343,940	133,760	47,626	120,526
Alaska Industrial Development and Export Authority	51,709	41,572	68,472	16,808
Nonmajor Component Units	509,795	246,029	141,045	95,757
Total Component Units	$ 1,743,913	$ 608,677	$ 486,560	$ 278,393

General Revenues:
- Taxes:
  - Severance Taxes
  - Selective Sales/Use
  - Income Taxes
  - Property Taxes
  - Other Taxes
- Interest and Investment Income (Loss)
- Tobacco Settlement
- Payments In from Component Units
- Payments In from Primary Government
- Other Revenues

Transfers - Internal Activity

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (539,072)	$	$ (539,072)	$
(562,621)		(562,621)	
(1,839,465)		(1,839,465)	
(566,957)		(566,957)	
(1,309,499)		(1,309,499)	
(231,717)		(231,717)	
(474,921)		(474,921)	
2,590,762		2,590,762	
(617,309)		(617,309)	
(505,866)		(505,866)	
(262,597)		(262,597)	
(52,386)		(52,386)	
(4,371,648)		(4,371,648)	
	19,609	19,609	
	59,130	59,130	
	46,071	46,071	
	918	918	
	125,728	125,728	
(4,371,648)	125,728	(4,245,920)	
			(376,434)
			(42,028)
			75,143
			(26,964)
			(370,283)
3,855,649	-	3,855,649	9,563
246,235	-	246,235	-
583,429	-	583,429	-
99,598	-	99,598	-
2,444	-	2,444	-
5,208,270	(16,838)	5,191,432	164,167
30,012	-	30,012	-
31,336	15,873	47,209	7,993
-	-	-	620,642
68,841	4,460	73,301	13,674
(23,127)	23,127	-	-
10,102,687	26,622	10,129,309	816,039
5,731,039	152,350	5,883,389	445,756
68,292,250	1,829,559	70,121,809	6,287,978
$ 74,023,289	$ 1,981,909	$ 76,005,198	$ 6,733,734

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Governmental Funds Financial Statements

MAJOR FUNDS

- **General Fund** – This fund is the State's operating fund. It accounts for the financial resources and transactions not accounted for in other funds. A description of the General Fund accounts and sub-funds are presented in the Combining Fund Statements.

- **Alaska Permanent Fund** – Alaska Constitution, Article IX, Section 15 – Administered by the Alaska Permanent Fund Corporation. The Alaska Constitution provides that at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in the Alaska Permanent Fund.

NONMAJOR FUNDS

Other non-major governmental funds are presented by fund type in the Combining Fund Statements.

STATE OF ALASKA **STATEMENT 1.11**
Balance Sheet
Governmental Funds
June 30, 2013
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 22,108,230	$ 46,106,382	$ 1,558,404	$ 69,773,016
Accounts Receivable - Net	691,660	129,769	4,545	825,974
Interest and Dividends Receivable	249	109,284	-	109,533
Due from Other Funds	747,872	-	6,044	753,916
Due from Component Units	3,463	-	-	3,463
Due from Other Governments	498,352	-	6,290	504,642
Loans, Notes, and Bonds Receivable	17,233	-	68	17,301
Inventories	16,527	-	-	16,527
Securities Lending Collateral	-	3,451,974	-	3,451,974
Other Assets	91,930	-	37	91,967
Total Assets	$ 24,175,516	$ 49,797,409	$ 1,575,388	$ 75,548,313
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 860,528	$ 858,366	$ 7,701	$ 1,726,595
Obligations Under Securities Lending	-	3,451,974	-	3,451,974
Due to Other Funds	41,526	633,735	33,116	708,377
Due to Component Units	30,443	-	5,365	35,808
Due to Other Governments	32	-	-	32
Unearned and Unavailable Revenue	619,059	-	4,819	623,878
Other Liabilities	523	-	651	1,174
Total Liabilities	1,552,111	4,944,075	51,652	6,547,838
FUND BALANCES				
Nonspendable:				
Inventory	16,527	-	-	16,527
Principal	-	40,799,542	499,723	41,299,265
Advances and Prepaid Items	91,997	-	-	91,997
Restricted for:				
Debt Service	10	-	43,587	43,597
Education	12,673	-	154,217	166,890
Health and Human Services	486	-	16,302	16,788
Development	58,254	-	211,305	269,559
Other Purposes	5,619	-	162	5,781
Committed to:				
Debt Service	8,440	-	-	8,440
Education	2,255,055	-	10,328	2,265,383
Health and Human Services	295,526	-	-	295,526
Public Protection	196,014	-	-	196,014
Permanent Fund	622,166	-	-	622,166
Development	2,418,969	-	588,112	3,007,081
Other Purposes	201,403	-	-	201,403
Assigned to:				
Permanent Fund	-	4,053,792	-	4,053,792
Unassigned:	16,440,266	-	-	16,440,266
Total Fund Balances	22,623,405	44,853,334	1,523,736	69,000,475
Total Liabilities and Fund Balances	$ 24,175,516	$ 49,797,409	$ 1,575,388	$ 75,548,313

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.12**
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2013
(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 69,000,475
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (Note 5). These assets consist of:		
Equipment, net of depreciation	269,924	
Buildings, net of depreciation	1,217,853	
Infrastructure, net of depreciation	2,711,316	
Land / right-of-way	911,935	
Construction in progress	1,305,265	
		6,416,293
Some of the state's assets are not current available resources and are not reported in the funds.		
Claims and judgments, net of federal reimbursement	4,056	
Net pension Asset (Note 7)	2,947	
Other post employment benefits asset (Note 7)	785	
Unamortized bond issuance cost	5,231	
Unamortized deferred loss on bond refundings	8,776	
		21,795
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position (See Statement 1.21).		400,386
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		226,698
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds (Note 6).		
Claims and judgments, net of federal reimbursement	(110,594)	
Compensated absences	(172,654)	
Pollution remediation	(99,285)	
Capital lease obligations	(341,765)	
		(724,298)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds (Note 6).		
Notes and bonds payable	(1,301,922)	
Accrued interest payable	(16,138)	
		(1,318,060)
Net Position of Governmental Activities		$ 74,023,289

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.13**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 4,765,743	$ -	$ 21,612	$ 4,787,355
Licenses and Permits	119,401	-	28,389	147,790
Charges for Services	193,421	-	637	194,058
Fines and Forfeitures	30,113	-	502	30,615
Rents and Royalties	1,949,548	840,121	17,586	2,807,255
Premiums and Contributions	19,858	-	6,091	25,949
Interest and Investment Income (Loss)	766,717	4,440,917	40,636	5,248,270
Federal Grants in Aid	2,392,390	-	41,898	2,434,288
Payments In from Component Units	31,336	-	-	31,336
Other Revenues	77,338	-	24,369	101,707
Total Revenues	10,345,865	5,281,038	181,720	15,808,623
EXPENDITURES				
Current:				
General Government	467,958	119,965	365	588,288
Alaska Permanent Fund Dividend	562,621	-	-	562,621
Education	1,999,500	-	81,938	2,081,438
University	467,757	-	101,048	568,805
Health and Human Services	2,736,135	-	4,867	2,741,002
Law and Justice	270,155	1,478	-	271,633
Public Protection	736,055	-	78	736,133
Natural Resources	319,002	5,585	75,351	399,938
Development	685,512	-	22,153	707,665
Transportation	1,234,758	-	42,443	1,277,201
Intergovernmental Revenue Sharing	288,281	-	-	288,281
Debt Service:				
Principal	30,549	-	67,410	97,959
Interest and Other Charges	19,283	-	45,608	64,891
Total Expenditures	9,817,566	127,028	441,261	10,385,855
Excess (Deficiency) of Revenues Over Expenditures	528,299	5,154,010	(259,541)	5,422,768
OTHER FINANCING SOURCES (USES)				
Bonds Issued	-	-	312,125	312,125
Bonds Issued Premium	-	-	36,338	36,338
Capital Leases	5,279	-	-	5,279
Transfers In from Other Funds	637,397	-	78,630	716,027
Transfers (Out to) Other Funds	(111,752)	(633,735)	(9,420)	(754,907)
Total Other Financing Sources and Uses	530,924	(633,735)	417,673	314,862
Net Change in Fund Balances	1,059,223	4,520,275	158,132	5,737,630
Fund Balances - Beginning of Year	21,564,182	40,333,059	1,365,604	63,262,845
Fund Balances - End of Year	$ 22,623,405	$ 44,853,334	$ 1,523,736	$ 69,000,475

The notes to the financial statements are an integral part of this statement.

Net Change in Fund Balances - Total Governmental Funds		$ 5,737,630
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Primarily this is the amount by which capital outlays exceeded depreciation in the current period (Note 5).		
Capital outlay	650,034	
Depreciation expense	(431,370)	
		218,664
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Position (Statement 1.22).		
Net current year revenue		12,290
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		17,030
Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Bond proceeds	(348,462)	
Accrued interest	(4,363)	
Repayment of bond principal	83,619	
Amortization of bond issue costs	(3,391)	
		(272,597)
Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		(5,279)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Position and have been eliminated from the Statement of Activities.		
Claims and judgments	(8,600)	
Compensated absences	(6,011)	
Pollution remediation	8,814	
Capital lease payments	23,030	
Pension obligation	4,173	
Other post employment benefits	1,895	
		23,301
Change in Net Position of Governmental Activities		$ 5,731,039

The notes to the financial statements are an integral part of this statement.

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Proprietary Funds Financial Statements

Proprietary funds are used to account for the State's business-type activities. The two fund types classified as proprietary funds are enterprise funds and internal service funds.

MAJOR ENTERPRISE FUNDS

Enterprise funds account for business-like state activities that provide goods and/or services to the public and are financed primarily through user charges. The following are the State's major enterprise funds.

- **International Airports Fund (Fund 21602)** – AS 37.15.420 – Administered by the Department of Transportation and Public Facilities. This fund consists of all revenues, fees, charges, and rentals derived by the State from the ownership, lease, use, and operation of the airports.

NONMAJOR FUNDS

Non-major proprietary funds are presented by fund type in the Combining Fund Statements.

STATE OF ALASKA **STATEMENT 1.21**
Statement of Net Position
Proprietary Funds
June 30, 2013
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 115,307	$ 591,175	$ 706,482	$ 108,744
Accounts Receivable - Net	11,667	27,213	38,880	539
Interest and Dividends Receivable	-	6,260	6,260	-
Due from Other Funds	90	934	1,024	9,204
Due from Other Governments	3,710	762	4,472	-
Loans, Notes, and Bonds Receivable	-	26,767	26,767	-
Inventories	-	-	-	3,695
Restricted Assets	2,586	-	2,586	-
Other Current Assets	-	-	-	8,015
Total Current Assets	133,360	653,111	786,471	130,197
Noncurrent Assets:				
Interest and Dividends Receivable	-	10,758	10,758	-
Loans, Notes, and Bonds Receivable	-	372,874	372,874	-
Repossessed Property	-	615	615	-
Investment in Projects, Partnerships, or Corporations	-	2,787	2,787	-
Restricted Assets	114,766	-	114,766	-
Other Noncurrent Assets	8,967	3,969	12,936	-
Capital Assets:				
Equipment, Net of Depreciation	34,525	-	34,525	183,496
Buildings, Net of Depreciation	771,450	-	771,450	116,342
Infrastructure, Net of Depreciation	415,396	-	415,396	-
Land / Right-of-Way	31,202	-	31,202	-
Construction in Progress	25,679	56,605	82,284	742
Total Noncurrent Assets	1,401,985	447,608	1,849,593	300,580
Total Assets	1,535,345	1,100,719	2,636,064	430,777
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,327	5,361	7,688	25,683
Due to Other Funds	62,750	1,663	64,413	1,002
Due to Other Governments	-	2,594	2,594	-
Interest Payable	6,661	-	6,661	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	3,815	36	3,851	2,751
Unearned Revenue	1,462	-	1,462	-
Notes, Bonds, and Leases Payable	14,350	-	14,350	-
Other Current Liabilities	-	417	417	-
Total Current Liabilities	91,365	10,071	101,436	29,436
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	1,869	171	2,040	955
Notes, Bonds, and Leases Payable	550,679	-	550,679	-
Total Noncurrent Liabilities	552,548	171	552,719	955
Total Liabilities	643,913	10,242	654,155	30,391
NET POSITION				
Net Investment in Capital Assets	790,609	56,605	847,214	300,580
Restricted for:				
Unemployment Compensation	-	311,084	311,084	-
Health and Human Services	-	426,194	426,194	-
Debt Service	17,579	-	17,579	-
Other Purposes	22,476	219	22,695	-
Unrestricted	60,768	296,375	357,143	99,806
Total Net Position	$ 891,432	$ 1,090,477	$ 1,981,909	$ 400,386

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.22**
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES				
Premiums and Contributions	$ -	$ 237,694	$ 237,694	$ 117,897
Charges for Goods and Services	106,586	1,577	108,163	111,486
Interest and Investment Income	-	9,554	9,554	-
Allowance for Uncollectible Interest	-	979	979	-
Fines and Forfeitures	-	35	35	-
Federal Reimbursements	-	80,145	80,145	-
Other Operating Revenues	1,278	-	1,278	1,177
Total Operating Revenues	107,864	329,984	437,848	230,560
OPERATING EXPENSES				
Benefits	-	258,709	258,709	120,526
Operating	79,765	8,709	88,474	101,295
Depreciation	66,285	12	66,297	28,999
Provision for Loan Losses and Forgiveness	-	663	663	-
Total Operating Expenses	146,050	268,093	414,143	250,820
Operating Income (Loss)	(38,186)	61,891	23,705	(20,260)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	588	7,555	8,143	154
Interest and Investment Expense	(24,982)	(15)	(24,997)	-
Gain (Loss) on Disposal of Capital Assets	184	204	388	177
Payments In from Component Units	-	15,873	15,873	-
Other Nonoperating Revenues (Expenses)	(3,902)	861	(3,041)	659
Total Nonoperating Revenues (Expenses)	(28,112)	24,478	(3,634)	990
Income Before Capital Contributions and Transfers	(66,298)	86,369	20,071	(19,270)
Capital Contributions	89,332	19,820	109,152	15,871
Transfers In from Other Funds	4,252	22,537	26,789	15,689
Transfers (Out to) Other Funds	-	(3,662)	(3,662)	-
Change in Net Position	27,286	125,064	152,350	12,290
Total Net Position - Beginning of Year	864,146	965,413	1,829,559	388,096
Total Net Position - End of Year	$ 891,432	$ 1,090,477	$ 1,981,909	$ 400,386

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$ -	$ 80,697	$ 80,697	$ 111
Receipts from Customers	107,170	31	107,201	286
Receipts for Interfund Services Provided	-	-	-	107,606
Receipt of Principal from Loan Recipients	-	50,392	50,392	-
Receipt of Interest and Fees from Loan Recipients	-	14,014	14,014	-
Receipts from Insured	-	231,877	231,877	117,895
Payments to Employees	(45,408)	(808)	(46,216)	(36,129)
Payments to Suppliers	(33,813)	(1,768)	(35,581)	(65,033)
Payments to Other Governments	-	(39)	(39)	-
Payments to Loan Recipients	-	(53,317)	(53,317)	-
Claims Paid	-	(259,547)	(259,547)	(117,626)
Payments for Interfund Services Used	(2,878)	(5,153)	(8,031)	-
Other Receipts	-	86	86	1,176
Other Payments	-	(900)	(900)	(976)
Net Cash Provided (Used) by Operating Activities	25,071	55,565	80,636	7,310
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	-	(5,832)	(5,832)	-
Operating Subsidies and Transfers In from Other Funds	4,252	23,133	27,385	18,951
Payments In from Component Units	-	9,231	9,231	-
Federal Grants	(3,307)	17,702	14,395	-
Proceeds from Issuance of Short-term Debt	-	3,489	3,489	-
Payments on Short-term Debt	-	(3,489)	(3,489)	-
Interest and Fees Paid on Borrowing	-	(5)	(5)	-
Net Cash Provided (Used) by Noncapital Financing Activities	945	44,229	45,174	18,951
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	-	428	428	-
Proceeds from Sale of Capital Assets	-	204	204	2,002
Acquisition and Construction of Capital Assets	(51,710)	(4,727)	(56,437)	(26,991)
Principal Paid on Capital Debt	(13,740)	-	(13,740)	-
Interest and Fees Paid on Capital Debt	(25,891)	(29)	(25,920)	-
Federal Grants	43,701	4,328	48,029	-
Other Receipts (Payments)	8,667	-	8,667	658
Net Cash Provided (Used) by Capital and Related Financing Activities	(38,973)	204	(38,769)	(24,331)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	286,200	15	286,215	-
Purchase of Investments	(285,612)	-	(285,612)	-
Interest and Dividends on Investments	-	7,538	7,538	154
Change in Restricted Cash and Investments	15,439	34	15,473	-
Net Cash Provided (Used) by Investing Activities	16,027	7,587	23,614	154
Net Increase (Decrease) in Cash	3,070	107,585	110,655	2,084
Cash and Cash Equivalents - Beginning of Year	34,571	483,590	518,161	106,660
Cash and Cash Equivalents - End of Year	$ 37,641	$ 591,175	$ 628,816	$ 108,744

The notes to the financial statements are an integral part of this statement.

This statement continued on next page.

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (38,186)	$ 61,891	$ 23,705	$ (20,260)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	66,285	12	66,297	28,999
Provision for Loan Losses and Forgiveness	-	155	155	-
Other Reconciling Items	(2,878)	78	(2,800)	-
Net Changes in Assets and Liabilities:				
Accounts Receivable - Net	(1,463)	(6,230)	(7,693)	638
Due from Other Funds	-	367	367	(4,124)
Due from Other Governments	-	48	48	-
Loans, Notes, and Bonds Receivable - Net	-	(3,441)	(3,441)	-
Repossessed Property	-	13	13	-
Investment in Projects, Partnerships, or Corporations	-	44	44	-
Interest and Dividends Receivable - Net	-	2,284	2,284	-
Inventories	-	-	-	(127)
Other Assets	-	30	30	338
Due to Other Funds	-	(27)	(27)	(868)
Due to Other Governments	-	(203)	(203)	-
Accounts Payable and Accrued Liabilities	858	433	1,291	2,737
Other Liabilities	455	111	566	(23)
Net Cash Provided (Used) by Operating Activities	$ 25,071	$ 55,565	$ 80,636	$ 7,310
Reconciliation of Cash to the Statement of Net Position:				
Total Cash and Investments per the Statement of Net Position	$ 115,307	$ 591,175	$ 706,482	$ 108,744
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(77,666)	-	(77,666)	-
Cash, End of Year	$ 37,641	$ 591,175	$ 628,816	$ 108,744
Noncash Investing, Capital, and Financing Activities:				
Contributed Capital Assets	50,000	426	50,426	15,871
Net Income (Loss) on Investment	-	33	33	-
Payments In from Component Units	-	6,642	6,642	-
Transfers (Out to) Other Funds (Accrual)	-	(265)	(265)	-
Transfers In from Other Funds (Accrual)	-	1	1	-

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Fiduciary Funds Financial Statements

Individual fund descriptions and financial statements are presented in the Combining Fund Statements.

Pension and Other Employee Benefit Trust Funds
Agency Funds

STATE OF ALASKA **STATEMENT 1.31**
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 439,291	$ 360,336
Investments:		195,015
Synthetic Investment Contracts	472,096	
Broad Market Fixed Income Pool	146,573	
U.S. Treasury Fixed Income Pool	1,378,662	
High Yield Fixed Income Pool	510,466	
International Fixed Income Pool	356,967	
Emerging Markets Debt Pool	151,951	
Broad Domestic Equity	5,949,736	
International Equity Pool	3,536,844	
Emerging Markets Equity Pool	529,224	
Private Equity Pool	1,611,750	
Absolute Return Pool	793,809	
Real Estate Pool	1,373,084	
Real Estate Investment Trust Pool	271,026	
Master Limited Partnership Pool	362,949	
Energy Pool	107,779	
Farmland Pool	680,377	
Farmland Water Pool	35,588	
Timber Pool	261,186	
Treasury Inflation Protected Securities Pool	8,334	
Pooled Investment Funds	2,048,245	
Collective Investments Funds	1,418,498	
Investment Loss Trust Fund Assets	1,929	-
Accounts Receivable - Net	7,649	4
Contributions Receivable	38,046	-
Due from Other Funds	22,674	2,770
Other Assets	5,009	1
Total Assets	22,519,742	558,126
LIABILITIES		
Accounts Payable and Accrued Liabilities	113,616	5,465
Forfeiture Payable to Employer	17,434	
Trust Deposits Payable	-	544,675
Due to Other Funds	7,609	7,986
Total Liabilities	138,659	558,126
NET POSITION		
Held in Trust for:		
Pension Benefits	10,140,565	-
Postemployment Healthcare Benefits	8,213,547	-
Individuals, Organizations, and Other Governments	4,026,971	-
Total Net Position	$ 22,381,083	$ -

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.32**
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	$ 648,496
Member	420,708
Other	618,376
Total Premiums and Contributions	1,687,580
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	2,088,938
Interest	99,725
Dividends	238,521
Total Investment Income	2,427,184
Less Investment Expense	37,734
Net Investment Income	2,389,450
Other Additions	
Other	14,738
Total Additions	4,091,768
DEDUCTIONS	
Benefits Paid	1,718,441
Insurance Premiums	3,244
Refunds of Premiums and Contributions	30,206
Administrative Expenses	39,733
Total Deductions	1,791,624
Net Increase (Decrease) in Net Position Held in Trust for:	
Pension Benefits	864,540
Postemployment Healthcare Benefits	979,062
Individuals, Organizations, and Other Governments	456,542
Net Position - Beginning of the Year	20,093,352
Prior Period Adjustment	(12,413)
Net Position - End of the Year	$ 22,381,083

The notes to the financial statements are an integral part of this statement.

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Component Units Financial Statements

Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

MAJOR COMPONENT UNITS

- **University of Alaska** – AS 14.40.040 – is established as a corporation and is an instrumentality of the State. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution.
- **Alaska Housing Finance Corporation (AHFC)** – AS 18.56.020 – is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State. The purpose of AHFC is to assist in providing decent, safe, and sanitary housing by financing mortgage loans.
- **Alaska Industrial Development and Export Authority (AIDEA)** – AS 44.88.020 – is a public corporation of the State and a political subdivision within the Department of Commerce, Community, and Economic Development. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the financing of industrial, manufacturing, export, and business enterprises within the State.

NONMAJOR COMPONENT UNITS

Non-major component units are presented in the Combining Fund Statements.

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STATE OF ALASKA **STATEMENT 1.41**
Statement of Net Position
Component Units
June 30, 2013
(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
ASSETS					
Cash and Investments	$ 84,508	$ 656,429	$ 422,151	$ 1,702,832	$ 2,865,920
Accounts Receivable - Net	28,619	-	-	21,134	49,753
Interest and Dividends Receivable	332	11,559	6,432	16,275	34,598
Due from Primary Government	17,143	37,570	147	47,359	102,219
Due from Component Units	101	-	4,122	249	4,472
Due from Other Governments	28,812	-	33	20,607	49,452
Loans, Notes, and Bonds Receivable	9,836	2,305,667	435,445	857,207	3,608,155
Inventories	6,455	-	-	10,371	16,826
Repossessed Property	-	-	350	-	350
Net Investment in Direct Financing Leases	-	48,777	201,360	-	250,137
Investments in Projects, Partnerships, or Corporations	-	-	44,436	-	44,436
Restricted Assets	360,043	621,471	163,658	513,125	1,658,297
Securities Lending Collateral	-	-	-	32,092	32,092
Other Assets	151,098	38,204	2,090	10,494	201,886
Capital Assets:					
Equipment, Net of Depreciation	55,914	795	32,571	176,937	266,217
Buildings, Net of Depreciation	716,772	104,788	51,614	35,268	908,442
Library and Museum Collections	61,698	-	-	-	61,698
Infrastructure, Net of Depreciation	49,475	-	27,312	765,003	841,790
Land / Right-of-Way	38,172	19,691	2,595	49,223	109,681
Construction in Progress	402,177	209	8,149	204,352	614,887
Total Assets	2,011,155	3,845,160	1,402,465	4,462,528	11,721,308
DEFERRED OUTFLOWS OF RESOURCES					
Change in Fair Value-Interest Rate Swaps	-	136,070	-	-	136,070
Total Deferred Outflows of Resources	-	136,070	-	-	136,070
LIABILITIES					
Accounts Payable and Accrued Liabilities	62,772	13,928	4,559	84,285	165,544
Obligations Under Securities Lending	-	-	-	32,092	32,092
Due to Primary Government	-	468	64,172	42,957	107,597
Due to Component Units	-	-	-	4,763	4,763
Due to Other Governments	-	-	-	2,177	2,177
Interest Payable	-	9,947	2,989	16,295	29,231
Derivative Instruments	-	138,635	-	-	138,635
Other Current Liabilities	14,352	28,388	4	357	43,101
Long-term Liabilities:					
Portion Due or Payable Within One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	12,582	2,195	-	1,889	16,666
Unearned Revenue	19,884	-	-	4,242	24,126
Notes, Bonds, and Leases Payable	11,164	50,695	9,910	126,460	198,229
Other Long-term Debt	-	-	-	4,405	4,405
Other Noncurrent Liabilities	-	-	-	657	657
Portion Due or Payable After One Year:					
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	3,647	-	1,546	5,193
Unearned Revenue	-	-	4,135	543,539	547,674
Notes, Bonds, and Leases Payable	165,464	2,207,180	145,225	1,224,003	3,741,872
Other Long-term Debt	24,953	-	-	6,176	31,129
Other Noncurrent Liabilities	5,821	619	10,286	13,827	30,553
Total Liabilities	316,992	2,455,702	241,280	2,109,670	5,123,644
NET POSITION					
Net Investment in Capital Assets	1,120,771	125,483	122,241	457,936	1,826,431
Restricted for:					
Permanent Funds					
Nonexpendable	-	-	-	409,256	409,256
Expendable	-	-	-	108,537	108,537
Education	383,892	-	-	132,670	516,562
Development	-	-	-	82,471	82,471
Debt Service	7,214	564,448	-	63,992	635,654
Other Purposes	-	26,637	2,166	25,868	54,671
Unrestricted	182,286	808,960	1,036,778	1,072,128	3,100,152
Total Net Position	$ 1,694,163	$ 1,525,528	$ 1,161,185	$ 2,352,858	$ 6,733,734

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.42**
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Component Units:				
University of Alaska	$ 838,469	$ 187,316	$ 229,417	$ 45,302
Alaska Housing Finance Corporation	343,940	133,760	47,626	120,526
Alaska Industrial Development and Export Authority	51,709	41,572	68,472	16,808
Nonmajor Component Units	509,795	246,029	141,045	95,757
Total Component Units	$ 1,743,913	$ 608,677	$ 486,560	$ 278,393

General Revenues:
Taxes
Severance Taxes
Interest and Investment Income (Loss)
Payments In from Component Units
Payments In from Primary Government
Other Revenues
Total General Revenues
Change in Net Position
Net Position - Beginning of Year
Net Position - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total Component Units
$ (376,434)	$	$	$	$ (376,434)
	(42,028)			(42,028)
		75,143		75,143
			(26,964)	(26,964)
(376,434)	(42,028)	75,143	(26,964)	(370,283)
-	-	-	9,563	9,563
39,643	9,088	1,283	114,153	164,167
-	-	7,993	-	7,993
552,489	-	1,110	67,043	620,642
8,294	4,325	-	1,055	13,674
600,426	13,413	10,386	191,814	816,039
223,992	(28,615)	85,529	164,850	445,756
1,470,171	1,554,143	1,075,656	2,188,008	6,287,978
$ 1,694,163	$ 1,525,528	$ 1,161,185	$ 2,352,858	$ 6,733,734

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Notes to the Basic Financial Statements

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STATE OF ALASKA
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2013

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Alaska have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards.

A. THE FINANCIAL REPORTING ENTITY

The State of Alaska (State) was admitted to the Union in 1959 and is governed by an elected governor and a sixty-member elected legislature. As required by GAAP, these financial statements present all the fund types of the State which includes all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the State (primary government) and its component units discussed below. Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

The following component units are included in the accompanying financial statements. Blended component units, although legally separate entities, are, in substance, part of the State's operations and provide services entirely or almost entirely to the State. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the State. Fiduciary component units are reported in the fiduciary section of the fund financial statements and are not included in the government-wide financial statements. Individual component unit financial reports may also be obtained from these organizations as indicated.

BLENDED COMPONENT UNITS

The **Alaska Housing Capital Corporation** (AHCC) is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. AHCC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Commerce, Community, and Economic Development; Health and Social Services; and four independent public members appointed by the Governor comprise the AHCC board of directors. The Legislature appropriates the budget for AHCC for the purpose of funding future capital projects for the State. The corporation has the power to borrow money and issue bonds on its own behalf. AHCC is reported within the governmental funds as a special revenue fund. AHCC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Permanent Fund Corporation** (APFC) is a public corporation and government instrumentality in the Department of Revenue, Alaska Statute (AS) 37.13.040. A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 65 percent of the total cash and investments and 59 percent of total government-wide net position excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 115500, Juneau, AK 99811-5500, or from their web site at www.apfc.org.

The **Knik Arm Bridge and Toll Authority** (KABTA) is a public corporation and government instrumentality in the Department of Transportation and Public Facilities (AS 19.75.021). The authority has a separate and independent legal existence from the State. It is governed by a board of directors, including the commissioner of the Department of Transportation and Public Facilities, the commissioner of the Department of Revenue, three public members appointed by the Governor, and two non-voting members: a member of the House of Representatives appointed by the Speaker; and a member of the Senate appointed by the President. The purpose of the authority is to develop public transportation systems in the vicinity of Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. KABTA financial statements are included in the Combining Fund section of this Comprehensive Annual Financial Report (CAFR) with the Nonmajor Enterprise Funds. Separately issued financial statements may be obtained from Knik Arm Bridge and Toll Authority, 820 East 15th Avenue, Anchorage, AK 99501.

The **Northern Tobacco Securitization Corporation** (NTSC) is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. NTSC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Health and Social Services; and Commerce, Community and Economic Development; and two independent public members appointed by the Governor comprise the NTSC board of directors.

The purpose of NTSC is to purchase future rights, title, and interest in Tobacco Settlement Revenues (TSRs) from the State under the Master Settlement Agreement and Final Judgment (MSA). The MSA resolved cigarette smoking-related litigation between the settling states and the participating manufacturers, released the manufacturers from past and present smoking-related claims, and provides for a continuing release of future smoking-related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions among other things.

NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose. When NTSC's obligations with the bonds have been fulfilled, the TSRs revert back to the State under the residual certificate. Consideration paid by NTSC through AHFC to the State for TSRs consisted of a cash amount sent to the State's custodial trust accounts and a residual certificate assigned to the State.

The bonds of NTSC are asset-backed instruments secured solely by the TSRs and NTSC's right to receive TSRs is expected to produce funding for its obligations. The TSR payments are dependent on a variety of factors, some of which are: the financial capability of the participating manufacturers to pay TSRs; future cigarette consumption that impacts the TSR payment; and future legal and legislative challenges against the tobacco manufacturers and the MSA providing for the TSRs. Pursuant to bond indentures, these adjustments could affect the amount of funds available to pay scheduled debt service payments.

NTSC is reported in the governmental fund types as special revenue and debt service funds. The revenue bond debt is reported in the government-wide statement of net position in the governmental fund activities column. NTSC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

DISCRETELY PRESENTED COMPONENT UNITS

The **Alaska Aerospace Corporation** (AAC) is a public corporation of the State located for administrative purposes within the Department of Military and Veterans Affairs (AS 26.27.010). The Governor appoints the voting members of the AAC board of directors and the Legislature approves AAC's budget. AAC is also affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, to provide a unified direction for space-related economic growth, education and research development, and tourism related activities. AAC is also to promote the continued utilization of the Poker Flat Research Range as a launch site for launch vehicles and for scientific research. Additionally, AAC is to promote and encourage the continued utilization of Poker Flat Research Range for the University of Alaska's polar research efforts. AAC financial statements may be obtained from the Alaska Aerospace Corporation, 4300 B Street, Suite 101, Anchorage, AK 99503.

The **Alaska Energy Authority** (AEA) is a public corporation of the State in the Department of Commerce, Community and Economic Development but with a separate and independent legal existence (AS 44.83.020). The purpose of AEA was to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.

However, Chapters 18 and 19, Session Laws of Alaska (SLA) 1993, which became effective August 11, 1993, eliminated the ability of AEA to construct, own, and acquire energy projects, and the programs operated by AEA were transferred to the Department of Community and Regional Affairs. The corporate structure of AEA was retained but the board of directors of the Alaska Industrial Development and Export Authority (AIDEA) is now the board of directors of AEA and the Executive Director of AIDEA is also the Executive Director of AEA. It is the intent of the legislation that ongoing operation of the operating assets be assumed by the electric utility companies that use or purchase power from AEA with oversight responsibility retained by AEA. The Governor appoints all members of the AEA board of directors and the Legislature approves AEA's budget.

Pursuant to legislation effective July 1, 1999, rural energy programs previously administered by the former Department of Community and Regional Affairs were transferred to AEA for administration as part of a larger reorganization of State

agencies. Rural energy programs were originally part of AEA prior to the reorganization that occurred in 1993. AEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Gasline Development Corporation** (AGDC) is a public corporation and governmental instrumentality within the Department of Commerce, Community, and Economic Development, but having a legal existence independent and separate from, the State (AS 31.25.010). Currently, the commissioners of the departments of Commerce, Community, and Economic Development; and Labor and Workforce Development, and five independent public members appointed by the Governor and confirmed by the legislature comprise the AGDC board of directors. The Legislature appropriates the budget for AGDC for the purpose to planning, constructing, and financing in-state natural gas pipeline projects. The corporation has the power to borrow money and issue bonds on its own behalf. AGDC financial statements may be obtained from the Alaska Gasline Development Corporation, 3201 C Street, Suite, 200, Anchorage, AK 99503.

The **Alaska Housing Finance Corporation** (AHFC) is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State (AS 18.56.020). The Governor appoints the board of directors of AHFC. The Legislature approves AHFC's budget. AHFC assists in providing decent, safe, and sanitary housing by financing mortgage loans. AHFC acts as the principal source of residential financing in the State and functions as a secondary mortgage market. AHFC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Industrial Development and Export Authority** (AIDEA) is a public corporation of the State and a political subdivision within the Department of Commerce, Community and Economic Development (AS 44.88.020). The Governor appoints all members of the AIDEA board of directors and the Legislature approves AIDEA's budget. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the financing of industrial, manufacturing, export, and business enterprises within the State. AIDEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Mental Health Trust Authority** (AMHTA) is established as a public corporation of the State within the Department of Revenue (AS 47.30.011). The Governor appoints the AMHTA board of trustees. The Legislature approves AMHTA's budget. The purpose of AMHTA is to ensure an integrated comprehensive mental health program. As provided in AS 37.14.009, AMHTA is to administer the trust established under the Alaska Mental Health Enabling Act of 1956. AMHTA financial statements may be obtained from the Alaska Mental Health Trust Authority, 3745 Community Park Loop, Suite 200, Anchorage, AK 99508.

The **Alaska Municipal Bond Bank Authority** (AMBBA) is a public corporation and an instrumentality of the State within the Department of Revenue, but with a legal existence independent of and separate from the State (AS 44.85.020). The Governor appoints members of the AMBBA board of directors. The Legislature approves AMBBA's budget. AMBBA was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds. AMBBA commenced operations in August 1975. AMBBA financial statements may be obtained from the Alaska Municipal Bond Bank Authority, P.O. Box 110405, Juneau, AK 99811-0405.

The **Alaska Natural Gas Development Authority** (ANGDA) is a public corporation and government instrumentality in the Department of Revenue (AS 41.41.010). The authority has a legal existence independent of and separate from the State. The authority is governed by a seven member board of directors appointed by the Governor and confirmed by the Legislature. The budget is submitted and approved by the Governor and Legislature. The purpose of the authority is to bring natural gas from the North Slope to market. The Alaska Legislature did not appropriate funds to ANGDA for FY 12 operations. As a result, the board members with expired terms were not reappointed to the board, there are no longer employees of ANGDA, the office was closed, and all records were transferred to the Department of Revenue. Effective May 22, 2013, Chapter 11 of Session Law 2013 repealed ANGDA's authorizing statute, terminating the authority. ANGDA financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units. In addition, fund financial statements are included as other supplementary information, since there are no separately issued financial statements for ANGDA.

The **Alaska Railroad Corporation** (ARRC) is a public corporation and instrumentality of the State within the Department of Commerce, Community and Economic Development (AS 42.40.010). ARRC has a legal existence independent of and separate from the State. The powers of ARRC are vested in the board of directors. All members of the board of directors of ARRC are appointed by and serve at the pleasure of the Governor. ARRC was created by the State Legislature to own and operate the railroad and manage its rail, industrial, port, and other properties. The ARRC commenced operations on January 6, 1985. ARRC financial statements may be obtained from the Alaska Railroad Corporation, P.O. Box 107500, Anchorage, AK 99510-7500.

The **Alaska Student Loan Corporation** (ASLC) is a public corporation and government instrumentality within the Department of Education and Early Development but having a legal existence independent of and separate from the State (AS 14.42.100). ASLC is governed by a board of directors appointed by the Governor. The Legislature approves ASLC's budget. The purpose of ASLC is to improve higher educational opportunities for residents of the State. ASLC financial statements may be obtained from the Alaska Commission on Postsecondary Education, P.O. Box 110505, Juneau, AK 99811-0505.

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040). A board of regents appointed by the Governor and confirmed by the Legislature governs the university. The Legislature approves the university's budget. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution. The financial statements of the university include the assets, liabilities, and related activity of the University of Alaska Foundation, a legally separate nonprofit component unit. The university is not accountable for, nor has ownership of, the foundation's resources. The university's financial statements may be obtained from the University of Alaska, Statewide Fund Accounting, 209 Butrovich Building, P.O. Box 756540, Fairbanks, AK 99775-6540.

The **Alaska Seafood Marketing Institute** (ASMI) is a public corporation of the State (AS 16.51.010). It is an instrumentality of the State with a legal existence independent of and separate from the State. ASMI is governed by a board of directors appointed by the Governor, and its budget is approved by the Legislature. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and to develop market-oriented quality specifications. Exercise of the powers conferred by statute to ASMI is an essential governmental function. ASMI financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units. In addition, fund financial statements are included as other supplementary information, since there are no separately issued financial statements for ASMI.

FIDUCIARY COMPONENT UNITS

The **Public Employees' Retirement System** (PERS) was established by AS 39.35.095 (defined benefit) and AS 39.35.700 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of PERS. The administrator is responsible for the administration of PERS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the PERS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the Office of Administrative Hearings (OAH). The Alaska Retirement Management Board (ARMB) approves employers' rates. PERS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. PERS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of PERS. The Governor appoints the majority of the ARMB.

The **Teachers' Retirement System** (TRS) was established by AS 14.25.009 (defined benefit) and AS 14.25.310 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of the system. The administrator is responsible for the administration of TRS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the TRS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the OAH. The ARMB approves employers' rates. TRS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. TRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of TRS. The Governor appoints the majority of the ARMB.

The **Judicial Retirement System** (JRS) was established by AS 22.25.048. The Commissioner of the Department of Administration is responsible for the administration of JRS. JRS costs, based upon actuarial valuations, are funded by the

State and participants. JRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of JRS. The Governor appoints the majority of the ARMB.

The **Alaska National Guard and Alaska Naval Militia Retirement System** (NGNMRS) was established by AS 26.05.222. The Commissioner of the Department of Administration is responsible for the administration of NGNMRS. NGNMRS costs, based upon actuarial valuations, are funded by the State. NGNMRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of NGNMRS. The Governor appoints the majority of the ARMB.

The **Supplemental Benefits System** (SBS) was established by AS 39.30.150. The Commissioner of the Department of Administration is responsible for the administration of SBS. SBS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ARMB is the fiduciary of SBS. The Governor appoints the majority of the ARMB. The financial statements for SBS are for the fiscal year ended January 31, 2013.

The **Deferred Compensation Plan** (DCP) was established by AS 39.45.010. The Commissioner of the Department of Administration is responsible for the administration of DCP. DCP is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ARMB is the fiduciary of the DCP. The Governor appoints the majority of the ARMB. The financial statements for DCP are for the fiscal year ended December 31, 2012.

Copies of the audited financial statements for the retirement systems, and for SBS and DCP, may be obtained from the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements (as well as these notes to the financial statements). The previous financial reporting model emphasized fund types (the total of all funds of a particular type), while the new financial reporting model focus is on either the State as a whole (government-wide statements), or on major individual funds (fund financial statements). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (Statement of Net Position and Statement of Activities) report information of all nonfiduciary activities of the State and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the component units for which the primary government is financially accountable.

The Statement of Net Position presents the reporting entity's nonfiduciary assets and deferred outflows of resources, less liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- **Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other borrowing that are attributed to the acquisition, construction, or improvement of those assets.

- **Restricted Net Position** result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position** consists of net position that does not meet the definition of the two preceding categories. The unrestricted net position often is designated to indicate management does not consider them available for general operations (see note 1.F.). The unrestricted net position often have constraints on resources that are imposed by management, but can be modified or removed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to

meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. The fund financial statements focus on major funds, of which the State has three: the General Fund and the Alaska Permanent Fund, both of which are governmental funds; and the International Airports Fund, which is an enterprise fund. All nonmajor funds are summarized into a single column on the respective fund statements: governmental; proprietary, which includes enterprise and internal service fund types; and fiduciary, which includes pension (and other employee benefit) trust funds, and agency funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements; however, agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year (collectible within 60 days of fiscal year end). Major revenues that are determined to be susceptible to accrual include federal, charges for services, investment income, and petroleum related taxes and royalties.

Expenditures are recognized when a liability is incurred. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

D. FINANCIAL STATEMENT PRESENTATION

The State reports three major funds, the General Fund, and the Alaska Permanent Fund, both of which are governmental funds, and the International Airports Fund, which is a proprietary enterprise fund. The General Fund is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The Alaska Permanent Fund was created in 1976 to save a portion of the State's one-time oil wealth to produce income to benefit current and future generations. The International Airports Fund was created in 1961 to equip, finance, maintain, and operate two international airports located in Anchorage and Fairbanks. In addition, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

Special revenue funds are used to account for the proceeds of specific revenue sources that are generally legally restricted to expenditure for specified purposes.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital project funds account for the acquisition or construction of major capital facilities financed by bond proceeds.

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. In addition to the Alaska Permanent Fund (major fund), the State has two other permanent funds, the Public School Trust Fund and the Alaska Mental Health Trust Authority (a discretely presented component unit).

PROPRIETARY FUND TYPES

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services.

Internal service funds are used to report any activity that provides goods or services primarily to other funds or agencies of the State, rather than to the general public. Internal service fund activities of the State include facilities management of State-owned buildings, self-insurance health care for State employees, vehicle and equipment maintenance and supplies, and computing and telecommunication services.

FIDUCIARY FUND TYPES

Pension (and other employee benefits) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other postemployment benefit plans. These funds account for the Alaska National Guard and Alaska Naval Militia Retirement System, Deferred Compensation, Judicial Retirement System, Public Employees' Retirement System, Retiree Health, Supplemental Benefits System, and Teachers' Retirement System.

Agency funds are used to report resources held by the State purely in a custodial capacity (assets equal liabilities). These funds include resources from unclaimed property, wage and hour, deposits/bonds held, offender trust accounts, advocacy/guardianship trusts, and damage recoveries arising out of the Exxon Valdez oil spill.

E. FISCAL YEAR ENDS

All funds and discretely presented component units of the State are reported using fiscal years, which end on June 30, except the Alaska Railroad Corporation and Deferred Compensation Fund fiscal years end on December 31, and the Alaska Supplemental Benefits System fiscal year ends on January 31.

F. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION / FUND BALANCE

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

The amounts shown on the statements of net position and the balance sheets as Cash and Investments represent cash on deposit in banks, petty cash, cash invested in various short-term instruments, and other investments of the state and its component units. Investments are stated at fair value, which approximates market value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investment purchases and sales are recorded on a trade-date basis.

Marketable debt securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. The noninterest bearing deposits are reported at cost, which approximates fair value.

Domestic and international equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers.

Emerging markets securities are valued at their current market or fair values on the last business day of each month by the Trustee.

Private equity securities are valued periodically by the general partners. Underlying private equity investments that are listed on a national exchange are valued using quoted market prices. Securities for which there are not market quotations available are initially carried at original cost and subsequently valued at fair value as determined by the general partners. In determining fair value, the financial condition, operating results and projected operating cash flow of the underlying portfolio companies, prices paid in private sales of such securities, the nature and duration of restrictions on disposition of the securities, the expenses and delay that would be involved in registration, the price and extent of public trading in similar securities, the existence of merger proposals or tender offers affecting securities, reports prepared by analysts are considered as appropriate. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly

from the values that would have been used had a ready market for the securities existed, and these differences could be material.

Absolute return investments are carried at fair value as determined by the pro-rata interest in the net assets of the underlying investment funds. These investment funds are valued periodically by the general partners and the managers of the underlying investments. The net asset value represents the amount that would be expected to be received if it were to liquidate its interests subject to liquidity or redemption restrictions. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

The energy related investments consist primarily of loans and preferred stock that are valued at fair value.

Real estate, farmland, farmland waterway, and timber investments are valued quarterly by investment managers and are appraised annually by independent appraisers.

Real estate investment trust holdings are valued each business day using prices obtained from a pricing service.

Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates. Forward currency contracts are valued at the mid-point of representative quoted bid and asked prices.

The Statement of Cash Flows for the enterprise funds shows changes in cash and cash equivalents. For the purpose of the Statement of Cash Flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the state's General Fund and Other Non-segregated Investment (GeFONSI) pool, the Short-term Fixed Income Pool, and the Short-term Liquidity Pool operate as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. At June 30, 2013, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool, the Short-term Liquidity Pool and shares in the Intermediate-term Fixed Income Pool.

RECEIVABLES

Receivables have been established and offset with proper provisions for estimated uncollectible accounts where applicable. The amount of noncurrent receivables is included in the fund balance reserve, which indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

Practically all accounts receivable of governmental funds are due from oil companies and governmental entities, primarily the federal government, and are considered collectible. Accounts receivable in other funds have arisen in the ordinary course of business.

INTER/INTRAFUND TRANSACTIONS

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

INVENTORIES

Inventories reported for the internal service funds and the General Fund consist mainly of consumable materials and supplies. Inventories are carried at cost (average cost for Highway Equipment Working Capital; first in first out (FIFO) for the General Fund), and are accounted for on the consumption method. However, the majority of materials and supplies for State agencies are accounted for as expenditures at the time of purchase. Inventory of the Alaska Aerospace Corporation and the University of Alaska are carried at the lower of cost or market. The Alaska Railroad Corporation carries their inventories at the lower of average cost or market.

CAPITAL ASSETS

Capital assets are reported in the Statement of Net Position at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time of donation including Statehood entitlement land that is carried at an estimated value of $1 per acre.

Capital assets are depreciated on the straight-line method over the estimated useful lives of the related assets.

All public domain infrastructure acquired by the State, such as highways, bridges, harbors, and rural airports is capitalized.

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include the State's art collections, library reserve collections, and museum and historical collections. These assets are: held for public exhibition, education, or research rather than financial gain; protected, kept unencumbered, cared for, and preserved; and proceeds from the sale of collection items are used to acquire other items for collections.

Additional disclosures related to capital assets are provided in Note 5.

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that State employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. As of June 30, 2013, this liability is recognized and reported in the government-wide and proprietary fund financial statements. The State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Position, is $176.4 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. Accumulated sick leave may be used only for actual illness. When an employee separates from state service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

The cost of compensated absences (annual/personal leave and sick leave) for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except for the payment of the accumulated annual/personal leave balance for an employee terminating from state service. That amount is charged to a terminal leave liability account rather than the individual agency appropriation. This liability account is funded by a charge to each agency's operating budget.

DEFERRED OUTFLOW/INFLOW OF RESOURCES

A deferred outflow of resources represents a consumption of net position applicable to a future reporting period and therefore is not recognized as a current year expense. A deferred inflow of resources is an acquisition of net position applicable to a future reporting period and therefore is not recognized as current year revenue.

NET POSITION / FUND BALANCE

Fund assets and deferred outflow less liabilities and deferred inflows is "net position" on the government-wide, proprietary, and fiduciary fund statements, and is "fund balance" on the governmental fund statements.

FUND BALANCE COMPONENTS

The fund balance amounts for governmental funds are reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

- Restricted fund balance have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

- Committed fund balance can be used only for specific purposes pursuant to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision-making authority. This formal action is the passage of law by the legislature, creating, modifying, or rescinding an appropriation.

- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed. The Alaska Legislature is the body authorized to assign amounts to a specific purpose. Alaska Statue 37.13.020 authorizes the Legislature to assign the funds in the Earnings Reserve Account, a component of the Alaska Permanent Fund.

- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the Legislature and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved.

The appropriated balance in the General Fund (fund 11100) is committed, and the remaining balance is unassigned. All other governmental funds, including subfunds of the General Fund are presented as restricted or committed, with the exception of the three subfunds of the General Fund, which are unassigned. The spendable portion of the Alaska Permanent Fund is classified as assigned.

The State of Alaska Constitution, Article 9, Section 13, states that "No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void."

Appropriations formally approved by the Legislature are then forwarded to the Governor for action which either become law or vetoed.

Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance gets spent.

Article 9, Section 17(d) of the Alaska Constitution, requires annual repayment from the General Fund and the subfunds of the General Fund for amounts borrowed from the Constitutional Budget Reserve Fund. To implement this provision, unassigned balances are used first, then committed balances. There are no assigned balances within the General Fund or subfunds.

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2013 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Inventory	$ 16,527	$ -	$ -	$ -	$ -
Principal	-	41,299,265	-	-	-
Advances and Prepaid Items	91,997	-	-	-	-
Total Nonspendable	108,524	41,299,265	-	-	-
Restricted:					
Debt Service	10	-	-	43,587	-
Education	12,673	-	9,297	-	144,920
Health & Human Services	486	-	16,302	-	-
Development	58,254	-	33,361	-	177,944
Other Purposes	5,619	-	162	-	-
Total Restricted	77,042	-	59,122	43,587	322,864
Committed					
Debt Service	8,440	-	-	-	-
Education	2,255,055	10,328	-	-	-
Health & Human Services	295,526	-	-	-	-
Public Protection	196,014	-	-	-	-
Permanent Fund	622,166	-	-	-	-
Development	2,418,969	-	588,112	-	-
Other Purposes	201,403	-	-	-	-
Total Committed	5,997,573	10,328	588,112	-	-
Assigned					
Permanent Fund	-	4,053,792	-	-	-
Unassigned	16,440,266	-	-	-	-
Total Fund Balance	$ 22,623,405	$ 45,363,385	$ 647,234	$ 43,587	$ 322,864

Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports $42.6 billion of restricted net position for the primary government, of which $26.0 million is restricted by enabling legislation.

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Once money received is deposited in the state treasury, it may not be withdrawn from the treasury except in accordance with an appropriation made by law. Those amounts received by component units are disbursed in accordance with their particular statutory authority.

The budgetary process is used to establish a balancing of estimated revenues coming into a fund with requested appropriations for that fund. Except for capital project funds, which prepare only project-length budgets, annual operating (and project-length) budgets are prepared for practically every fund and are submitted to the legislature for the enactment of appropriations. An appropriation is an authorization to spend money and to incur obligations. Each appropriation is limited as to purpose, time, and amount, and each of these limitations is legally binding. The legal level of budgetary control is maintained at the appropriation level as specified in the enabling legislation, which is generally at the program level within a department.

Appropriations, as enacted by the legislature and signed by the governor, are entered into the accounting records. The balance of an appropriation is reduced when funds are expended or encumbered. Appropriations are encumbered for anticipated expenditures in the form of purchase orders, contracts, and other obligations. Encumbrances outstanding at year-end are reported within restricted, committed or assigned fund balance based upon the resources that eventually will fund those

grants or contracts, and do not constitute expenditures or liabilities. See Note 12 for additional information on encumbrances within the governmental funds. Unencumbered balances of annual appropriations lapse at the end of the fiscal year.

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Transfers between appropriations are not authorized. Agencies faced with potential over expenditure of appropriations must (1) reduce the rate of expenditures, (2) seek relief through supplemental appropriations, or (3) request necessary approvals to receive and expend additional funds. In order to provide sufficient funding for several programs during FY 13, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental reduction to appropriations for the FY 13 operating budget was $86.7 million, of which $77.8 million was reduced from the General Fund, $9.3 million was reduced from other funds, and $0.4 million was appropriated from federal funds. In addition, the total supplemental appropriations for the FY 13 capital budget of $232.3 million were enacted, of which $204.8 million was appropriated from the General Fund, $26.5 million was appropriated from other funds, and $1.0 million was appropriated from federal funds.

Governmental funds with annually approved budgets include the General Fund, Special Revenue Funds (with the exception of the Alaska Housing Capital Corporation, Northern Tobacco Securitization Corporation, and Reclamation Bonding Pool), and all Permanent Funds.

SPENDING LIMITS

In 1982, the voters of Alaska approved an amendment to the Alaska Constitution to control state spending. Article IX, section 16, establishes an annual appropriation limit of $2.5 billion plus adjustments for changes in population and inflation since July 1, 1981. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 13, the Office of Management and Budget estimated the limit to be approximately $9.8 billion. The FY 13 budget passed by the legislature after vetoes was $8.0 billion (unrestricted General Fund revenues only), or $1.8 billion less than the constitutional spending limit.

CONSTITUTIONAL BUDGET RESERVE FUND

In 1990, the voters of Alaska approved an amendment to the Alaska Constitution to establish a budget reserve fund (CBRF). Article IX, section 17, states, in part, "…Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund.…"

The fund was established to enhance budget stability by depositing certain monies into the CBRF (where they could not be easily spent) rather than into the General Fund (where they would be readily available for appropriation for expenditure). Money may be appropriated from the fund in accordance with the provisions of section 17(b) and (c).

The constitution further provides that all money appropriated from the fund must be repaid to the fund. Section 17(d) states "If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law." All borrowing from the CBRF was completely repaid in FY 10 and no borrowing activity from the CBRF occurred during FY 11, FY 12 or FY 13.

STATUTORY BUDGET RESERVE FUND

The Statutory Budget Reserve Fund (SBRF) was created through Alaska Statute 37.05.540. Once the full debt of CBRF was repaid in FY 10, the legislature began to make appropriated transfers from the General Fund into the SBRF in addition to directing any year-end available fund balance of the General Fund to be transferred to the SBRF. As the balance of this fund continued to increase so did the political and public interest; therefore, the presentation of SBRF was added to the Combining Balance Sheet for the General Fund for Statements 3.01 and 3.02.

A legislative transfer from the General Fund to SBRF totaling $250 million was made at the beginning of FY 13 in accordance with SLA 2012, Chapter 15, Section 32(b). Section 32(c) states that if the unrestricted amount available for appropriation in the fiscal year ending June 30, 2013, is insufficient to cover General Fund appropriations, the amount

necessary to balance revenue and General Fund appropriations or to prevent a cash deficiency in the General Fund is appropriated from the SBRF to the General Fund. For FY 13, this resulted in a year-end transfer from the SBRF to the General Fund for $776 million, for a net impact to the SBRF of $526 million.

NOTE 3 – PRIOR PERIOD AND FUND BALANCE/NET ASSETS/NET POSITION ADJUSTMENTS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

The Department of Administration, Division of Retirement and Benefits, identified in FY 13 the total amount of activity for those employees participating in the PERS Defined Contribution Retirement (DCR) Individual Plan that refunds prior to fully vesting in employer contributions. As a result, the employers should be given credit for those employer contributions made and forfeited once a refund has occurred. The amount of this liability for the PERS was previously booked as unrestricted revenue miscellaneous fines and forfeitures and was moved to a liability account in FY 13. This prior period adjustment of $9,166 thousand is the forfeiture total associated with years prior to FY 13 for PERS DCR Individual Plan.

TEACHERS' RETIREMENT SYSTEM (TRS)

The Department of Administration, Division of Retirement and Benefits, identified in FY 13 the total amount of activity for those employees participating in the TRS DCR Individual Plan that refunds prior to fully vesting in the employer contributions. As a result, the employers should be given credit for those employer contributions made and forfeited once a refund has occurred. The amount of this liability for the TRS plan was previously booked as unrestricted revenue miscellaneous fines and forfeitures and was moved to a liability account in FY 13. This prior period adjustment of $3,247 thousand is the forfeiture total associated with years prior to FY 13 for TRS DCR Individual Plan.

RETIREMENT FUND STATEMENTS

Statements for PERS, TRS and the Judicial Retirement System were expanded to report postemployment healthcare benefits separate from the pension plan. Additionally, FY 13 Net Position for PERS and TRS Defined Contribution pension benefits, $346,118 thousand and $153,234 thousand respectfully, are reported as held in trust for individuals since these are individual retirement accounts. This activity was reported within Held in Trust for Pension Benefits in FY 12. For Defined Benefit plans the net position is held in trust for pension benefits for all plan members. This information will assist in the comparison to the prior year for these funds.

Combining Statement of Fiduciary Net Position
Statement 5.01 (In Thousands)

Public Employees' Retirement		
NET POSITION	FY 2012	FY 2013
Held in Trust for:		
Pension Benefits	$ 6,372,867	$ 6,706,103
Postemployment Healthcare Benefits	5,263,082	5,959,578
Individuals, Organizations, and Other Governments	-	346,118
Total Net Position	$ 11,635,949	$ 13,011,799

Teachers' Retirement		
NET POSITION	FY 2012	FY 2013
Held in Trust for:		
Pension Benefits	$ 3,119,347	$ 3,281,725
Postemployment Healthcare Benefits	1,664,590	1,910,013
Individuals, Organizations, and Other Governments	-	153,234
Total Net Position	$ 4,783,937	$ 5,344,972

ALASKA GASLINE DEVELOPMENT CORPORATION (AGDC)

For the year ended June 30, 2012, AGDC was a blended component unit, and presented as a special revenue fund. AGDC was a wholly-owned subsidiary of Alaska Housing Finance Corporation (AHFC), a discretely presented component unit of the State of Alaska. Effective FY 13, legislation was passed to continue the existence of AGDC, but changed it to an independent public corporation of the State of Alaska having legal existence independent of and separate from AHFC and the State of Alaska. AGDC is reported in FY 13 as a discretely presented component unit of the State of Alaska.

As a component unit, AGDC is incorporated into the Government-wide statements using the full accrual basis of accounting. The effect of the change in reporting resulted in the FY 13 beginning fund balance of $849 thousand, while the prior year ending balance reported as a special revenue fund for FY 12 was $204 thousand. The difference is attributable to the change in the basis of accounting from modified to full accrual which resulted in reporting capital assets and long term liabilities.

GENERAL FUND BALANCE - NONSPENDABLE

For the year ended June 30, 2013, a detailed review was made on the amount reported as Nonspendable, Compensating Balances within the General Fund. It was determined that this activity did not meet the criteria of Nonspendable, and should be reclassified as Unassigned. In FY 2012, the General Fund Nonspendable Compensated Balances were reported as $110,000 thousand, and in FY 13 this amount was $137,500 thousand.

NOTE 4 – DEPOSIT AND INVESTMENT RISK

Deposits and investments may be exposed to various types of risks. These risks are interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

A. DEPOSITS AND INVESTMENTS UNDER THE FIDUCIARY RESPONSIBILITY OF THE COMMISSIONER OF REVENUE

By law, all deposits and investments are under the fiduciary responsibility of the Commissioner of the Department of Revenue (Commissioner) except where the legislature has delegated that responsibility to other entities or boards responsible for separate subdivisions or component units of the State. Those agencies and component units that manage their own cash and investments are: Alaska Permanent Fund Corporation, Alaska Energy Authority, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Railroad Corporation, Alaska Mental Health Trust Authority, Alaska Student Loan Corporation, Alaska Retirement Management Board, Exxon Valdez Oil Spill Trustee Council, and the University of Alaska.

Invested assets under the fiduciary responsibility of the Commissioner are comprised of the General Fund and Other Non-segregated Investments, Constitutional Budget Reserve Fund, International Airports Fund, Retiree Health Insurance Fund, Power Cost Equalization Endowment Fund, General Obligation Bond Fund, Mine Reclamation Trust Fund, Alaska Sport Fish Construction Fund as well as the Public School, and Investment Loss trust funds (all collectively, Funds).

As the fiduciary, the Commissioner has the statutory authority (AS 37.10.070 - 37.10.071) to invest the assets under the Prudent Investor Rule which requires that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. Specifically, the Tobacco Revenue Fixed Income, Domestic Equity, and the International Equity Pools are managed externally. Treasury manages the Short-term Fixed Income Pool, Short-term Liquidity Fixed Income Pool, Non-interest Bearing Deposits, Intermediate-term Fixed Income Pool, and the Broad Market Fixed Income Pool, in addition to acting as oversight manager for all externally managed investments.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the Department of Revenue, Treasury Division. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405 or at http://www.dor.alaska.gov/treasury.

Deposits and investments at June 30, 2013, are as follows:

	Fair Value (in thousands)						
Investment Type	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	Tobacco Revenue Fixed Income	Other	Total
Deposits	$ 180,221	$ -	$ -	$ (35)	$ -	$ 147,288	$ 327,474
Money Market	-	-	-	-	22,410	-	22,410
Commercial Paper	351,700	-	-	-	-	-	351,700
Corporate Bonds	431,115	-	718,136	852,913	-	-	2,002,164
Mortgage-backed	18,089	-	189,159	1,364,957	-	-	1,572,205
Municipal Bonds	4,220	-	1,938	-	-	-	6,158
Other Asset-backed	3,598,791	-	237,838	142,211	-	-	3,978,840
U.S. Government Agency Discount Notes	600	-	-	-	-	-	600
U.S. Government Agency	-	-	284,051	122,928	-	-	406,979
Treasury Bills	3,552,079	1,159,880	599,439	-	-	-	5,311,398
Treasury Bonds	-	-	-	88,016	-	-	88,016
Treasury Notes	-	-	6,353,467	1,235,575	-	-	7,589,042
Treasury Strips	-	-	52,256	18,393	-	-	70,649
Yankees:							
Corporate	112,952	-	128,108	183,495	-	-	424,555
Government	-	-	34,290	40,831	-	-	75,121
Domestic Equity	-	-	-	-	-	3,279,675	3,279,675
International Equity	-	-	-	-	-	1,752,037	1,752,037
Total Invested Assets	8,249,767	1,159,880	8,598,682	4,049,284	22,410	5,179,000	27,259,023
Pool related net assets (liabilities)	(148,621)	-	(79,418)	(119,104)	-	693	(346,450)
Net Invested Assets before earnings distribution to participants	8,101,146	1,159,880	8,519,264	3,930,180	22,410	5,179,693	26,912,573
Earnings payable to participants	3,619	-	-	-	-	-	3,619
Other pool ownership	(719,308)	800	535,939	182,570	-	-	1
Ownership under other fiduciary responsibility:							
Alaska Retirement Management Board	(467,172)	-	-	-	-	-	(467,172)
Exxon Valdez Oil Spill Trustee Council	(3)	-	-	(55,766)	-	(44,399)	(100,168)
Alaska Student Loan Corporation	(5,887)	-	-	-	-	-	(5,887)
Alaska Mental Health Trust Authority	(3,636)	-	-	(10,349)	-	(118,227)	(132,212)
Total Commissioner's Fiduciary Responsibility	$ 6,908,759	$ 1,160,680	$ 9,055,203	$ 4,046,635	$ 22,410	$ 5,017,067	$ 26,210,754

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement dates applies. At June 30, 2013, the expected average life of individual fixed rate securities ranged from three days to 34 years and the expected average life of floating rate securities ranged from 14 days to 22 years.

Short-term Liquidity Fixed Income Pool

Treasury's investment policy limits individual fixed rate securities to six months to maturity. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2013, the expected average life of fixed rate securities ranged from 46 to 67 days.

Intermediate, Broad Market and U.S. Treasury Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its other fixed income pool portfolios to the following:

Intermediate-term Fixed Income Pool - ± 20% of the Barclays 1-3 year Government Bond Index. The effective duration for the Barclays 1-3 year Government Bond Index at June 30, 2013 was 1.87 years.

Broad Market Fixed Income Pool - ± 20% of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2013 was 5.49 years.

At June 30, 2013, the effective duration by investment type was as follows:

	Effective Duration (in years)	
	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool
Corporate Bonds	2.42	7.31
Mortgage-backed	1.45	4.13
Municipal Bonds	4.41	-
Other Asset-backed	0.59	1.37
U.S. Government Agency	1.70	8.23
Treasury Bill	0.11	-
Treasury Bonds	-	19.69
Treasury Notes	2.04	5.10
Treasury Strip	4.43	4.89
Yankees:		
Corporate	1.85	3.99
Government	2.06	5.17
Portfolio Effective Duration	1.77	5.23

Other Fixed Income

The Tobacco Revenue Fixed Income securities are invested according to the terms of the related bond indentures. The respective bond indentures do not establish policy with regard to interest rate risk.

Credit Risk

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard and Poor's. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

Short-term Liquidity Pool investments are limited to U.S. Treasury obligations or other U.S. Government securities issued in full faith or guaranteed by agencies and instrumentalities of the U.S. Government, obligations of foreign governments, sovereign states, supranational entities, and their instrumentalities denominated in U.S. dollars, and the State's internally-managed Short-Term Fixed Income Pool.

Intermediate-term and Broad Market Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

The bond indentures governing the investment of tobacco revenue related bond proceeds limit the investment in commercial paper to only those securities rated A-1 or equivalent. At June 30, 2013, the Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2013, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term Fixed Income Pool	Short-term Liquidity Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed
Deposits	Not Rated	2.22%	-	-	-
Commercial Paper	Not Rated	4.34%	-	-	-
Corporate Bonds	AAA	-	-	0.40%	0.61%
Corporate Bonds	AA	2.41%	-	1.73%	2.85%
Corporate Bonds	A	2.91%	-	4.80%	11.79%
Corporate Bonds	BBB	-	-	0.83%	4.95%
Corporate Bonds	BB	-	-	0.16%	0.41%
Corporate Bonds	Not Rated	-	-	-	0.12%
U.S. Government Agency	AA	-	-	2.75%	0.45%
U.S. Government Agency	BBB	-	-	-	0.09%
U.S. Government Agency	Not Rated	0.01%	-	0.38%	2.45%
Mortgage-backed	AAA	0.07%	-	0.80%	2.88%
Mortgage-backed	AA	0.08%	-	0.76%	27.88%
Mortgage-backed	A	0.07%	-	0.09%	0.27%
Mortgage-backed	BBB	-	-	-	0.05%
Mortgage-backed	Not Rated	-	-	0.43%	2.12%
Municipal Bonds	AA	0.05%	-	-	-
Municipal Bonds	A	-	-	0.02%	-
Other Asset-backed	AAA	39.98%	-	1.86%	2.33%
Other Asset-backed	AA	0.72%	-	-	0.56%
Other Asset-backed	Not Rated	3.71%	-	0.76%	0.56%
Other Pool Ownership	Not Rated	-	0.07%	5.92%	4.44%
Treasury Bill	AA	43.83%	99.93%	6.62%	-
Treasury Bond	AA	-	-	-	2.14%
Treasury Note	AA	-	-	70.18%	30.04%
Treasury Strip	AA	-	-	0.58%	0.45%
Yankees:					
Corporate	AAA	-	-	0.18%	0.79%
Corporate	AA	0.55%	-	0.69%	1.14%
Corporate	A	0.84%	-	0.42%	1.40%
Corporate	BBB	-	-	0.13%	1.13%
Government	AA	-	-	0.34%	0.53%
Government	BBB	-	-	-	0.18%
Government	Not Rated	-	-	0.04%	0.28%
No Credit Risk		(1.79%)	-	(0.87%)	(2.89%)
		100.00%	100.00%	100.00%	100.00%

Custodial Credit Risk – Deposits

Treasury's investment policy requires the State's depository banks to collateralize State deposits to the extent they exceed insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, unlimited FDIC coverage for noninterest-bearing accounts was in effect through December 31, 2012. Deposits held in noninterest-bearing transaction accounts are now aggregated with interest-bearing deposits and the combined total is insured up to $250 thousand. In accordance with Treasury's investment policy, all accounts are required to retain collateral equal to 110 percent of the uninsured deposits at all FDIC insured depository institutions, thereby limiting custodial credit risk.

The bond indentures governing the investment of tobacco revenue related bond proceeds, do not establish policy with regard to custodial credit risk. At June 30, 2013, the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	$ 141

Concentration of Credit Risk

Treasury's policy with regard to concentration of credit risk is to prohibit the purchase of more than five percent of a pool's holdings in corporate bonds backed by any one company or affiliated group.

At June 30, 2013, The Commissioner did not have any exposure to any one issuer greater than five percent of invested assets.

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for each fund at the beginning of each fiscal year which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies were in place during FY 13 and invested assets included the following holdings at June 30, 2013, for the funds invested in the International Equity Pool:

	Policy	Actual
Constitutional Budget Reserve Fund, Subaccount	20% ± 7%	22.36%
Exxon Valdez Settlement Investments	23% ± 7%	22.77%
Higher Education Fund	20% ± 7%	19.40%
Mental Health Trust Reserve	21% ± 5%	19.26%
Power Cost Equalization Endowment Fund	26% ± 5%	25.24%
Retiree Health Insurance Fund, Long Term Care	11% ± 4%	11.61%

At June 30, 2013, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows:

Currency	Fair Value (in thousands)
Deposits:	
Japanese Yen	$ 141
Investments - International Equity:	
Australian Dollar	5,260
Canadian Dollar	7,803
Danish Krone	2,159
Euro Currency	60,895
Japanese Yen	43,268
New Zealand Dollar	1,488
Norwegian Krone	2,442
Pound Sterling	54,688
Swedish Krona	12,346
Swiss Franc	13,592
	203,941
Total	$ 204,082

Foreign Exchange, Foreign Exchange Contracts, Off-Balance Sheet Risk and Derivative Exposure

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy for contingencies. The International Equity Pool investment includes the following income from derivative investments at June 30, 2013 (in thousands):

	Changes in Fair Value		Fair Value		
	Classification	Amount	Classification	Amount	Notional
FX Forwards	Investment Revenue	$ 9	Long-term Instruments	$ -	$ -

Additionally the International Equity Pool had the following income from foreign exchange transactions at June 30, 2013 (in thousands):

Net Realized Gain on Foreign Currency	$ 47

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of non-performance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2013, the International Equity Pool had no outstanding contracts.

Pursuant to Alaska Statute 37.10.089(d), the Commissioner of Revenue entered into a Standby Bond Purchase Agreement (SBPA), which supports a liquidity facility provided by State Street Bank on Alaska Student Loan Corporation (ASLC) Education Loan Revenue Refunding Bonds-Senior Series 2012. In the event that the bonds have been tendered and cannot be remarketed, the Commissioner has agreed to purchase Bank Bonds held by the Bank upon satisfaction of the conditions set forth in the SBPA. The annual facility fee is 15 basis points payable by the ASLC quarterly through the termination date of September 30, 2016. Bonds outstanding at June 30, 2013 were $78,435 thousand.

B. DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA RETIREMENT MANAGEMENT BOARD

Invested assets of the pension (and other employee benefit) trust funds (Public Employees', Teachers', Judicial, and the Alaska National Guard and Naval Militia Retirement Systems) as well as the Supplemental Benefits System and Deferred Compensation Plans are under the fiduciary responsibility of the Alaska Retirement Management Board (ARMB).

PENSION FUNDS

The ARMB has statutory responsibility (AS 37.10.210-390) for the pension (and other employee benefit) trust funds' investments (Pension Funds). Alaska Statute 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) provides staff for the ARMB. Treasury has created a pooled environment by which it manages investments of the ARMB. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the Defined Contribution Retirement Participant Directed Pension Plan under the ARMB's fiduciary responsibility.

Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The ARMB has developed investment guidelines, policies and procedures for Treasury staff and external investment managers to adhere to when managing investments. Specifically, the High Yield Fixed Income Pool, International Fixed Income Pool, Emerging Markets Debt Pool, Large Cap Domestic Equity Pool, Small Cap Domestic Equity Pool, Convertible Bond Domestic Equity Pool, International Equity Large Cap Pool, International Equity Small Cap Pool, Emerging Markets Equity Pool, Private Equity Pool, Absolute Return Pool, Real Estate Pool, Energy Pool, Farmland Pool, Farmland Water Pool, Timber Pool, Pooled Participant Directed Investment Funds, and Collective Investment Funds are managed by external management

companies. Treasury manages the Alaska Retirement Fixed Income Pool, U.S. Treasury Fixed Income Pool, Real Estate Investment Trust Pool, Treasury Inflation Protected Securities (TIPS) Pool and cash holdings of certain external managers in addition to acting as oversight manager for all externally managed investments.

The Short-term Fixed Income Pool is a State pool managed by Treasury that holds investments on behalf of the ARMB as well as other state funds.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the ARMB. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405 or at http://dor.alaska.gov/treasury/.

Deposits and investments at June 30, 2013 are as follows:

	Fair Value (in thousands)			
	Fixed Income Pools			
	Short-term	U.S. Treasury	High Yield	International
Commercial Paper	$ 19,969	$ -	$ -	$ -
Convertible Bonds	-	-	1,844	-
Corporate Bonds	24,478	55,792	437,605	-
Deposits	10,233	-	17,862	1,216
Foreign Corporate Bonds	-	-	-	27,386
Foreign Government Bonds	-	-	-	319,358
Mortgage-backed	1,027	74,822	-	-
Municipal Bonds	240	1,913	-	-
Other Asset-backed	204,337	42,365	1,774	-
Short-term Investment Fund	-	-	-	3,300
U.S. Government Agency	-	34,384	-	-
U.S. Government Agency Discount Notes	34	-	-	-
Treasury Bills	201,685	-	-	-
Treasury Bonds	-	-	-	-
Treasury Notes	-	1,080,704	-	-
Treasury Strips	-	1,994	-	-
Yankees: Corporate	6,413	7,689	47,685	-
Yankees: Government	-	28,505	-	-
Fixed Income Pools: Equity	-	-	-	-
Fixed Income Pools: Warrants	-	-	52	-
Emerging Markets Debt Pool	-	-	-	-
Broad Domestic Equity Pools: Deposits	-	-	-	-
Broad Domestic Equity Pools: Equity	-	-	-	-
Broad Domestic Equity Pools: Futures	-	-	-	-
Broad Domestic Equity Pools: Limited Partnership	-	-	-	-
Broad Domestic Equity Pools: Options	-	-	-	-
Broad Domestic Equity Pools: Treasury Bills	-	-	-	-
Broad Domestic Equity Pools: Warrants	-	-	-	-
Broad International Equity Pool: Deposits	-	-	-	-
Broad International Equity Pool: Equity	-	-	-	-
Broad International Equity Pool: Rights	-	-	-	-
Broad International Equity Pool: Mutual Fund	-	-	-	-
Broad International Equity Pool: Short-term Investment Fund	-	-	-	-
Broad International Equity Pool: Warrants	-	-	-	-
Emerging Markets Equity Pool	-	-	-	-
Private Equity Pool: Limited Partnerships	-	-	-	-
Private Equity Pool: Equity	-	-	-	-
Absolute Return Pool: Limited Partnerships	-	-	-	-
Real Estate Pool: Commingled Funds	-	-	-	-
Real Estate Pool: Limited Partnerships	-	-	-	-
Real Estate Pool: Real Estate	-	-	-	-
Real Estate Investment Trust Pool: Equity	-	-	-	-
Master Limited Parternship Pool: Equity	-	-	-	-
Energy Pool: Limited Partnerships	-	-	-	-
Farmland Pool: Agricultural Holdings	-	-	-	-
Farmland Water Pool: Agricultural Holdings	-	-	-	-
Timber Pool: Timber Holdings	-	-	-	-
Participant Directed: Collective Investment Funds	-	-	-	-
Participant Directed: Pooled Investment Funds	-	-	-	-
Net Other Assets/(Liabilities)	(8,351)	5,720	3,644	5,706
Other Pool Ownership	(190,208)	44,774	-	-
Total Invested Assets	$ 269,857	$ 1,378,662	$ 510,466	$ 356,966

This table continued on the next page.

Deposits and investments at June 30, 2013 are as follows (continued):

	Fair Value (in thousands)			
	Fixed Income Pools			
	Convertible	TIPS	Other	Total
Commercial Paper	$ -	$ -	$ -	$ 19,969
Convertible Bonds	112,235	-	-	114,079
Corporate Bonds	-	-	-	517,875
Deposits	468	-	-	29,779
Foreign Corporate Bonds	-	-	-	27,386
Foreign Government Bonds	-	-	-	319,358
Mortgage-backed	-	-	-	75,849
Municipal Bonds	-	-	-	2,153
Other Asset-backed	-	-	-	248,476
Short-term Investment Fund	-	-	-	3,300
U.S. Government Agency	-	-	-	34,384
U.S. Government Agency Discount Notes	-	-	-	34
Treasury Bills	-	-	-	201,685
Treasury Bonds	-	3,444	-	3,444
Treasury Notes	-	4,709	-	1,085,413
Treasury Strips	-	-	-	1,994
Yankees: Corporate	-	-	-	61,787
Yankees: Government	-	-	-	28,505
Fixed Income Pools: Equity	13,997	-	-	13,997
Fixed Income Pools: Warrants	-	-	-	52
Emerging Markets Debt Pool	-	-	151,950	151,950
Broad Domestic Equity Pools: Deposits	-	-	34,113	34,113
Broad Domestic Equity Pools: Equity	-	-	5,315,938	5,315,938
Broad Domestic Equity Pools: Futures	-	-	(307)	(307)
Broad Domestic Equity Pools: Limited Partnership	-	-	269,526	269,526
Broad Domestic Equity Pools: Options	-	-	(18,513)	(18,513)
Broad Domestic Equity Pools: Treasury Bills	-	-	2,923	2,923
Broad Domestic Equity Pools: Warrants	-	-	1	1
Broad International Equity Pool: Deposits	-	-	62,018	62,018
Broad International Equity Pool: Equity	-	-	3,008,564	3,008,564
Broad International Equity Pool: Rights	-	-	22	22
Broad International Equity Pool: Mutual Fund	-	-	410,389	410,389
Broad International Equity Pool: Short-term Investment Fund	-	-	11,260	11,260
Broad International Equity Pool: Warrants	-	-	105	105
Emerging Markets Equity Pool	-	-	529,223	529,223
Private Equity Pool: Limited Partnerships	-	-	1,610,705	1,610,705
Private Equity Pool: Equity	-	-	1,046	1,046
Absolute Return Pool: Limited Partnerships	-	-	793,809	793,809
Real Estate Pool: Commingled Funds	-	-	294,488	294,488
Real Estate Pool: Limited Partnerships	-	-	339,833	339,833
Real Estate Pool: Real Estate	-	-	738,763	738,763
Real Estate Investment Trust Pool: Equity	-	-	269,756	269,756
Master Limited Parternship Pool: Equity	-	-	358,497	358,497
Energy Pool: Limited Partnerships	-	-	107,778	107,778
Farmland Pool: Agricultural Holdings	-	-	680,377	680,377
Farmland Water Pool: Agricultural Holdings	-	-	35,588	35,588
Timber Pool: Timber Holdings	-	-	261,186	261,186
Participant Directed: Collective Investment Funds	-	-	285,028	285,028
Participant Directed: Pooled Investment Funds	-	-	204,130	204,130
Net Other Assets/(Liabilities)	1,290	44	17,902	25,955
Other Pool Ownership	-	137	145,297	-
Total Invested Assets	$ 127,990	$ 8,334	$ 15,921,395	$ 18,573,670

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. These constraints apply to trade date, except for securities bought at new issue, for which settlement date applies. At June 30, 2013, the expected average life of individual fixed rate securities ranged from three days to 34 years and the expected average life of floating rate securities ranged from 14 days to 22 years.

Other Defined Benefit Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows. Treasury uses industry standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, options, and other variable cash flows to calculate effective duration.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Retirement Fixed Income portfolio to ± 20 percent of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2013 was 5.49 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Intermediate U.S. Treasury Fixed Income portfolio to ± 20 percent of the Barclays Capital U.S. Treasury Intermediate Index. The effective duration for the Barclays Capital U.S. Treasury Intermediate Index at June 30, 2013 was 3.68 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the High Yield Fixed Income portfolio to ± 20 percent of the Bank of America Merrill Lynch U.S. High Yield Master II Constrained Index. The effective duration for the Bank of America Merrill Lynch U.S. High Yield Master II Constrained Index at June 30, 2013 was 4.46 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the International Fixed Income portfolio to ± 25 percent of the blended benchmark of 70% Citigroup Non-USD World Government Bond Index and 30% JP Morgan Global Bond Emerging Markets Broad Diversification Index. The effective duration for the Citigroup Non-USD World Government Bond Index at June 30, 2013, was 7.25 years and the effective duration of the JP Morgan Global Bond Index at June 30, 2013 was 4.89 years, for a blended duration of 6.54 years at June 30, 2013.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the TIPS portfolio to ± 20 percent of the Barclays Capital U.S. Treasury Inflation-Protected (U.S. TIPS) Index, or a reasonable proxy thereof. The average life of the proxy index at June 30, 2013 was 9.32 years.

The ARMB does not have a policy to limit interest rate risk for the Emerging Debt or Convertible Bond portfolios.

At June 30, 2013, the effective duration of the ARMB's fixed income pools, by investment type, was as follows:

	Effective Duration (in years)			
	U.S. Treasury	High Yield	International	TIPS
Corporate Bonds	2.83	4.29	-	-
Foreign Corporate Bonds	-	-	3.16	-
Foreign Government Bonds	-	-	5.74	-
Mortgage-backed	2.59	-	-	-
Municipal Bonds	11.85	-	-	-
Other Asset-backed	0.48	3.88	-	-
Treasury Bonds	-	-	-	10.90
Treasury Notes	3.64	-	-	3.40
Treasury Strips	5.12	-	-	-
U.S. Government Agency	8.31	-	-	-
Yankees:				
Corporate	3.77	4.31	-	-
Government	6.00	-	-	-
Portfolio Effective Duration	3.52	4.13	5.46	6.46

Defined Contribution Pooled Investment Funds

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate thirteen participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

Under normal conditions, the Trust will invest in cash equivalent instruments with maturities of less than one year. Additionally, under normal conditions, for government debt, corporate debt, and mortgage-backed securities, duration is limited to ± 0.2 years of the Barclays Capital U.S. Aggregate Bond Index. Further deviations are acceptable if they do not contribute significantly to the overall risk of the portfolio. In no event, at time of purchase shall effective duration exceed ± 0.4 years relative to the index.

At June 30, 2013, the duration of the government corporate debt, and mortgage-backed securities was 5.48 years and the duration of the Barclays Capital Aggregate Bond Index was 5.39 years.

Defined Contribution Collective Investment Funds

The ARMB does not have a policy to limit interest rate risk for its collective investment funds. At June 30, 2013, the modified duration of collective investment funds that consisted solely of debt securities were as follows – SSgA Money Market Trust: 46 days, SSgA World Government Bond Ex-U.S. Index: 7.35 years, SSgA Long U.S. Treasury Bond Index: 16.27 years, SSgA TIPS Index: 7.17 years, Barclays Government Credit Bond Fund: 5.38 years, and the Barclays Intermediate Bond Fund: 3.55 years.

Credit Risk

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P1 or equivalent. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if rated by only one of these agencies if they are rated AAA.

The ARMB's investment policy has the following limitations with regard to credit risk:

Retirement Fixed Income:

Commercial paper must carry a rating of at least P-1 by Moody's and A-1 by Standard & Poor's.

Corporate, asset-backed and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

No more than 40 percent of the portfolio's assets may be invested in investment grade corporate debt.

No more than 15 percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's Corporation or the equivalent by Moody's or Fitch.

U.S. Intermediate Treasury Fixed Income:

No more than 30 percent of the portfolio's assets may be invested in securities that are not nominal, United States Treasury obligations or the internally managed short term or substantially similar portfolio at the time of purchase.

Corporate, asset-backed and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

High Yield Fixed Income:

No more than ten percent of the portfolio's assets may be invested in securities rated A3 or higher by any rating agency (including government instruments). Cash held in the portfolio will be included in this limitation.

No more than 25 percent of the portfolio's assets may be invested in securities rated below B3.

No more than five percent of the portfolio's assets may be invested in unrated securities.

The lower of any Standard & Poor's, Moody's or Fitch rating will be used for limits on securities rated below B3 and the higher rating will be used for limits on securities rated A3 or higher. Only one rating is necessary.

International Fixed Income:

Asset-backed obligations must be rated investment grade or better by a recognized credit rating agency.

Commercial paper and Euro commercial paper must be rated A-1 by Standard & Poor's or P-1 by Moody's or the equivalent of a comparable rating agency. In the event a split rating exists, the lower of the ratings shall apply for evaluating credit quality.

Convertible Bond:

Non-rated convertible securities are permitted provided the manager is able to assign an appropriate credit rating consistent with the criteria used by Standard & Poor's, Moody's or Fitch. Non-rated securities are limited to 35 percent of the total market value of the portfolio. Non-rated securities to which the manager assigns a non-investment grade rating are subject to the below investment grade limitations.

The weighted-average rating of the portfolio shall not fall below the Standard & Poor's equivalent of B. The manager shall not purchase any security with a credit rating at or below a CCC- by Standard & Poor's and C3 by Moody's. However, the manager may continue to hold securities downgraded below CCC- by Standard & Poor's and C3 by Moody's if such an investment is considered appropriate given the ARMB's investment objective.

TIPS:

Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard & Poor's.

No more than five percent of the portfolio's assets may be invested in investment grade corporate debt.

No more than five percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's or the equivalents by Moody's or Fitch.

Non-U.S. Treasury-issued securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

Domestic Equity (Large Cap and Small Cap) and Broad International Equity:

Corporate debt obligations must carry a rating of at least A or better by Moody's, Standard & Poor's or Fitch rating services.

Commercial paper must bear the highest rating assigned by Moody's, Standard & Poor's, or Fitch rating services.

The ARMB does not have a policy to limit the concentration of credit risk for the Emerging Markets Debt Pool or the Collective Investment Funds.

At June 30, 2013, ARMB's invested assets consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard & Poor's Corporation rating scale):

		Fixed Income Pools					
	Rating	Short-term	U.S. Treasury	High Yield	International	Convertible	TIPS
Deposits	Not rated	2.22%	-	3.50%	0.34%	0.37%	-
Commercial Paper	BBB	-	-	-	-	-	-
Commercial Paper	Not Rated	4.34%	-	-	-	-	-
Corporate Bonds	AA	2.41%	0.65%	-	-	-	-
Corporate Bonds	A	2.91%	2.50%	0.11%	-	-	-
Corporate Bonds	BBB	-	0.82%	3.21%	-	-	-
Corporate Bonds	BB	-	0.09%	32.85%	-	-	-
Corporate Bonds	B	-	-	41.86%	-	-	-
Corporate Bonds	CCC	-	-	3.44%	-	-	-
Corporate Bonds	CC	-	-	0.28%	-	-	-
Corporate Bonds	D	-	-	0.47%	-	-	-
Corporate Bonds	Not Rated	-	-	3.55%	-	-	-
Convertible Bonds	A	-	-	-	-	5.08%	-
Convertible Bonds	BBB	-	-	0.33%	-	17.94%	-
Convertible Bonds	BB	-	-	-	-	15.86%	-
Convertible Bonds	B	-	-	-	-	14.47%	-
Convertible Bonds	CCC	-	-	-	-	2.73%	-
Convertible Bonds	Not Rated	-	-	0.03%	-	31.60%	-
Equity	BBB	-	-	-	-	2.88%	-
Equity	BB	-	-	-	-	3.97%	-
Equity	B	-	-	-	-	2.08%	-
Equity	Not Rated	-	-	-	-	2.01%	-
Foreign Corporate Bonds	A	-	-	-	1.27%	-	-
Foreign Corporate Bonds	BBB	-	-	-	0.56%	-	-
Foreign Corporate Bonds	Not Rated	-	-	-	5.84%	-	-
Foreign Government Bonds	AAA	-	-	-	6.77%	-	-
Foreign Government Bonds	AA	-	-	-	1.68%	-	-
Foreign Government Bonds	A	-	-	-	22.90%	-	-
Foreign Government Bonds	BBB	-	-	-	3.58%	-	-
Foreign Government Bonds	BB	-	-	-	1.41%	-	-
Foreign Government Bonds	Not Rated	-	-	-	53.11%	-	-
U.S. Government Agency	Not Rated	0.01%	2.48%	-	-	-	-

This table continued on the next page.

Continued from previous page:

		Fixed Income Pools					
	Rating	Short-term	U.S. Treasury	High Yield	International	Convertible	TIPS
Mortgage-backed	AAA	0.07%	1.35%	-	-	-	-
Mortgage-backed	AA	0.08%	1.82%	-	-	-	-
Mortgage-backed	A	0.07%	0.38%	-	-	-	-
Mortgage-backed	Not Rated	-	1.88%	-	-	-	-
Municipal Bonds	AA	0.05%	0.14%	-	-	-	-
Other Asset-backed	AAA	39.98%	1.71%	-	-	-	-
Other Asset-backed	AA	0.72%	-	-	-	-	-
Other Asset-backed	BB	-	-	0.10%	-	-	-
Other Asset-backed	B	-	-	0.25%	-	-	-
Other Asset-backed	Not Rated	3.71%	1.36%	-	-	-	-
Other Pool Ownership	Not Rated	-	3.25%	-	-	-	1.65%
Treasury Bills	AA	43.83%	-	-	-	-	-
Treasury Bonds	AA	-	-	-	-	-	41.32%
Treasury Notes	AA	-	78.40%	-	-	-	56.50%
Treasury Strips	AA	-	0.14%	-	-	-	-
Short-Term Investment Fund	Not Rated	-	-	-	0.92%	-	-
Warrants	Not Rated	-	-	0.01%	-	-	-
Yankees Corporate	AAA	-	0.06%	-	-	-	-
Yankees Corporate	AA	0.55%	0.28%	-	-	-	-
Yankees Corporate	A	0.84%	0.07%	-	-	-	-
Yankees Corporate	BBB	-	0.14%	-	-	-	-
Yankees Corporate	BB	-	-	3.37%	-	-	-
Yankees Corporate	B	-	-	4.80%	-	-	-
Yankees Corporate	CCC	-	-	0.55%	-	-	-
Yankees Corporate	Not Rated	-	-	0.58%	-	-	-
Yankees Government	AAA	-	0.33%	-	-	-	-
Yankees Government	AA	-	0.35%	-	-	-	-
Yankees Government	Not Rated	-	1.38%	-	-	-	-
No Credit Risk		(1.79%)	0.42%	0.71%	1.62%	1.01%	0.53%
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Custodial Credit Risk – Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits; however, Treasury investment policy requires the State's depository banks to collateralize State deposits to the extent they exceed insurance coverage provided by the Federal Deposit Insurance Corporation (FDIC). The FDIC provides $250,000 of coverage. In accordance with Treasury policy, they are required to retain collateral equal to 110 percent of uninsured deposits.

At June 30, 2013, the ARMB's invested assets had the following uncollateralized and uninsured deposits (in thousands):

International Equity Pool	$ 62,020
International Fixed Income Pool	1,217
	$ 63,237

Concentration of Credit Risk

Treasury's policy with regard to concentration of credit risk for the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group. This provision does not apply to securities backed by the full faith and credit of the United States Government.

The ARMB's policy with regard to concentration of credit risk for the Retirement Fixed Income, U.S. Treasury Fixed Income, High Yield Fixed Income, International Fixed Income and Convertible Bond Pools is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group. The ARMB does not have a policy with regard to concentration of credit risk for the Emerging Markets Debt or TIPS Pools.

At June 30, 2013, the ARMB's invested assets did not have exposure to any one issuer greater than five percent of total invested assets.

Foreign Currency Risk

The ARMB's policy with regard to foreign currency risk in the International Fixed Income Pool is to restrict obligations to those issued in the currencies of these countries: Argentina, Australia, Brazil, Canada, Chile, China, Columbia, Czech Republic, Denmark, Egypt, Eurozone sovereign issuers in the aggregate, Hungary, India, Indonesia, Israel, Japan, Malaysia, Mexico, New Zealand, Norway, Peru, Poland, Romania, Russia, Singapore, South Africa, South Korea, Sweden, Switzerland, Thailand, Turkey, United Kingdom, and United States. The ARMB has no specific policy regarding foreign currency risk relating to international or private equity. The ARMB has no policy regarding foreign currency risk in the Defined Contribution Pooled Investment Funds and Collective Investment Funds. However, through its asset allocation policy, the ARMB limits total investments in international fixed income, global equity ex-U.S. and private equity to the following:

Pension Fund	Fixed - Income	Global Equity Ex-U.S.	Private Equity Pool
Public Employees' Retirement System	19%	27%	13%
Teachers' Retirement System	19%	27%	13%
Judicial Retirement System	19%	27%	13%
Alaska National Guard and Naval Militia System	61%	21%	-

At June 30, 2013, the ARMB had exposure to foreign currency risk with the following deposits and investments (in thousands):

	International Fixed Income Pool			International Equity				Private Equity
Currency	Deposits	Foreign Government Bonds	Foreign Corporate Bonds	Deposits	Equity	Mutal Funds	Rights	Limited Partnerships
Australian Dollar	$ 65	$ 12,003	$ -	$ 698	$ 67,513	$ -	$ 2	$ 293
Brazilian Real	-	22,208	-	40	12,380	-	-	-
Canadian Dollar	-	-	-	185	84,812	-	-	-
Chilean Peso	-	3,983	-	-	-	-	-	-
Columbian Peso	126	4,895	-	-	-	-	-	-
Danish Krone	-	-	-	104	28,184	-	-	-
Euro Currency	-	48,537	24,945	52,625	775,972	-	20	120,933
Hong Kong Dollar	-	-	-	721	103,190	-	-	-
Hungarian Forint	-	5,037	-	-	-	-	-	-
Indian Rupee	-	-	-	-	1,569	-	-	-
Indonesian Rupiah	-	-	-	194	12,027	-	-	-
Israeli Shekel	-	-	-	67	1,203	-	-	-
Japanese Yen	225	100,468	-	4,335	602,433	-	-	-
Malaysian Ringgit	289	17,627	-	-	6,258	-	-	-
Mexican Peso	424	21,305	2,441	12	1,811	-	-	-
New Russian Ruble	-	8,177	-	-	-	-	-	-
New Taiwan Dollar	-	-	-	56	13,733	-	-	-
New Zealand Dollar	-	-	-	2	9,107	-	-	-
Norwegian Krone	-	-	-	92	16,842	-	-	-
Peruvian Nouveau Sol	-	5,028	-	-	-	-	-	-
Philippine Peso	-	-	-	-	2,147	-	-	-
Polish Zloty	-	29,946	-	-	-	-	-	-
Pound Sterling	-	-	-	2,024	549,477	448	-	31,499
Singapore Dollar	-	-	-	199	39,512	-	-	-
South African Rand	-	9,287	-	-	-	-	-	-
South Korean Won	50	-	-	-	41,746	-	-	-
Swedish Krona	-	24,179	-	296	73,593	-	-	-
Swiss Franc	-	-	-	317	191,561	-	-	-
Thailand Baht	38	-	-	53	16,160	-	-	-
Turkish Lira	-	6,679	-	-	-	-	-	-
UAE Dirham	-	-	-	-	1,666	-	-	-
	$ 1,217	$ 319,359	$ 27,386	$ 62,020	$ 2,652,896	$ 448	$ 22	$ 152,725

At June 30, 2013, the ARMB also had exposure to foreign currency risk in the Emerging Markets Equity Pool and the Emerging Markets Debt Pool. These pools consist of investments in commingled investment funds; therefore, no disclosure of specific currencies is made.

Foreign Exchange, Derivative, and Counterparty Credit Risk

The ARMB is exposed to credit risk on investment derivative instruments that are in asset positions. The ARMB has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the ARMB has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the ARMB have a policy for contingencies.

On June 30, 2013, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value		
Type	Classification	Amount	Classification	Amount	Notional
Equity Options Written	Investment Revenue	$ 275	Options	$ (18,447)	$ (2,889)
FX Forwards	Investment Revenue	3,411	Long Term Instruments	1,997	27,875
IndexFutures Long	Investment Revenue	13,646	Futures	-	56
IndexOptions Written	Investment Revenue	733	Options	(66)	(4)
Rights	Investment Revenue	(155)	Common Stock	22	69
Warrants	Investment Revenue	62	Common Stock	158	337
		$ 17,972		$ (16,336)	$ 25,444

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of non-performance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date.

At June 30, 2013, the ARMB had the following foreign currency risk related to forward contracts (in thousands):

Currency Name	Options	Net Receivables	Net Payables	Total Exposure
Australian Dollar	$ 2	$ (123)	$ 1,879	$ 1,758
Euro Currency	20	-	3	23
Japanese Yen	-	-	86	86
New Zeland Dollar	-	-	152	152
	$ 22	$ (123)	$ 2,120	$ 2,019

At June 30, 2013 the ARMB had the following counterparty credit and counterparty concentration risk associated with its investment derivative positions:

Counterparty Name	Net Exposure (in thousands)	S&P Rating	Fitch Rating	Moody's Rating
Bank of New York	$ 86	A+	A+	A1
State Street Bank Location	2,031	A+	AA-	Aa3
USB AG	3	A	A	A2
Maximum Amount of Loss in Case of Default by All Counterparties	$ 2,120			
Effect of Collateral Reducing Maximum Exposure	-			
Liabilities Subject to Netting Arrangements Reducing Exposure	-			
Resulting Net Exposure	$ 2,120			

DEFERRED COMPENSATION

The State's Internal Revenue Code Section 457 Deferred Compensation Plan holds investments in several collective investment funds and an Interest Income Fund. At December 31, 2012, Deferred Compensation Plan investments totaled $657.9 million.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at http://doa.alaska.gov/drb/.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for the Deferred Compensation Plan are subject to the provisions of the collective investment funds the ARMB has selected. In addition, the Deferred Compensation Plan maintains a balance in a commingled money market portfolio.

The ARMB does not have a policy to limit interest rate risk for the collective investment funds or the commingled money market portfolio. These investments with their related weighted average maturities at December 31, 2012, are as follows:

	Fair Value (in thousands)	Weighted Average Maturity
Bond Fund	$ 74	4.45 years
Government/Credit Bond Index Fund	33,946	7.79 years
State Street Money Market Fund	9,757	51 days
Intermediate Bond Fund	16,547	3.77 years
Long U.S. Treasury Bond Index Fund	5,491	17.01 years
U.S. TIPS Index Fund	12,178	5.52 years
World Government Bond Ex-U.S. Index Fund	2,263	7.28 years

Interest Income Fund

ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

> For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one-half year. The aggregate duration of the constant duration synthetic investment contracts was 3.24 years at December 31, 2012. The duration of the Barclays Capital Intermediate Aggregate Index was 3.53 years at December 31, 2012.
>
> Duration is a measure of interest rate risk. In the case of the Deferred Compensation Plan's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

The ARMB does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian's Institutional Treasury Money Market Fund, which has a weighted average maturity of 51 days at December 31, 2012.

Pooled Investment Funds

Duration is a measure of a security's sensitivity to a 100-basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate 13 participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

> For government and corporate debt securities, duration is limited to ± 0.2 years of the Barclays Aggregate Bond Index. At December 31, 2012, the duration of the Barclays Aggregate Bond Index was 5.06 years, and the duration of the Aggregate Bond Trust was 5.10 years.

The weighted average maturity of the money market portfolio was 19.33 days at December 31, 2012.

The ARMB does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund or commercial paper.

Credit Risk

The ARMB does not have a policy to limit credit risk for the Deferred Compensation Plan's Collective Investment Funds and the commingled money market portfolio. These investments are not rated.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve:

Synthetic Investment contract issuers must have an investment grade rating,
Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent,
Corporate debt securities must have a minimum rating of BBB or equivalent,
Asset-backed securities must have a minimum rating of AAA or equivalent,
The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for wholly-owned pooled investments:

All government and corporate fixed income securities must be rated BBB or better at time of purchase,
Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation,
Commercial paper and other short–term debt obligations must be rated A1 or equivalent.

At December 31, 2012, Deferred Compensation Plan's investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

		Fair Value (in thousands)		
Investment type	Rating	Underlying Synthetic Investment Contracts	Other	Total
Investments with credit exposure:				
Money Market Fund	Not Rated	$ -	$ 319	$ 319
Short-term Investment Fund	Not Rated	3,449	-	3,449
U.S. Government Agency	AA	10,505	-	10,505
Mortgage-backed	AAA	3,047	-	3,047
Mortgage-backed	AA	29	-	29
Mortgage-backed	A	1,558	-	1,558
Mortgage-backed	Not Rated	61,455	-	61,455
Other Asset-backed	AAA	1,539	-	1,539
Other Asset-backed	AA	200	-	200
Other Asset-backed	Not Rated	1,129	-	1,129
Corporate Bonds	AAA	55	-	55
Corporate Bonds	AA	3,717	-	3,717
Corporate Bonds	A	16,493	-	16,493
Corporate Bonds	BBB	12,568	-	12,568
Yankees:				
Corporate	AA	1,761	-	1,761
Corporate	A	2,838	-	2,838
Corporate	BBB	1,845	-	1,845
Government	AAA	3,574	-	3,574
Government	AA	1,214	-	1,214
Government	A	1,027	-	1,027
Government	BBB	27	-	27
Deposits and Investments with no credit exposure:				
Deposits		(2,780)	-	(2,780)
U.S. Treasury Notes	AAA	53,781	-	53,781
Collective Investment Funds		-	311,527	311,527
Pooled Investment Funds		-	70,329	70,329
Domestic Equity		-	84,228	84,228
Total Invested Assets		$ 179,031	$ 466,403	$ 645,434

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At December 31, 2012, the Deferred Compensation Plan's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

The ARMB's policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts, and the reserve is as follows:

> No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Interest Income Fund's total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

Investment Type	Issuer	All Issuers
U.S. Treasury and Agencies	100%	100%
U.S. Agency Securities	100%	100%
Agency Mortgage-Backed Securities	50%	50%
Non-Agency Mortgage-Backed Securities	5%	50%
Asset-Backed Securities	5%	50%
Domestic and Foreign Corporate Debt Securities	5%	50%
Supranational Agency and Foreign Government Entity Securities	5%	50%
Money Market Instruments – Nongovernmental/Agency	5%	100%
Custodian Short-term Investment Fund	100%	100%

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB policy with regard to concentration of credit risk for wholly-owned pooled investments is as follows:

Equity holdings will be limited to five percent per issuer of the equity portfolio at the time of purchase,

With the exception of the U.S. Government or its agencies, fixed income holdings of any single issuer is limited to two percent of the total portfolio at the time of purchase,

With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than five percent of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At December 31, 2012, the Deferred Compensation Plan had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. The Deferred Compensation Plan has exposure to foreign currency risk in the International Equity and Global Balanced collective investment funds.

The ARMB's policy with regard to the Interest Income Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB's policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, the State's internally managed Short-term Fixed Income Pool (under the fiduciary responsibility of the Commissioner of Revenue), a Stable Value Fund and wholly-owned Pooled Investment Funds. At January 31, 2013, SBS investments totaled $2.854 billion.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203 or at http://doa.alaska.gov/drb/.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for SBS are subject to the provisions of the collective investment funds the ARMB has selected. In addition, SBS maintains a balance in a commingled money market portfolio.

The ARMB does not have a policy to limit interest rate risk for these investments.

	Fair Value (in thousands)	Weighted Average Maturity
Government/Credit Bond Index Fund	$ 50,793	7.67 years
State Street Money Market Fund	37,638	56 days
Intermediate Bond Fund	15,538	3.74 years
Long U.S. Treasury Bond Index Fund	17,022	16.46 years
U.S. TIPS Index Fund	24,601	5.86 years
World Government Bond ex-U.S. Index Fund	6,358	7.48 years

Short-term Fixed Income Pool

The Investment Loss Trust Fund and the SBS's cash and cash equivalents are invested in the State's internally managed Short-term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 14 months in maturity or 14 months expected average life upon purchase. Floating rate securities are limited to three years in maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and 12 month prepay speeds for other securities. At January 31, 2013, the expected average life of individual fixed rate securities ranged from one day to 31.3 years and the expected average life of floating rate securities ranged from 41 days to 7.6 years.

Stable Value Fund

The ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

> For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one–half year. The aggregate duration of the constant duration synthetic investment contracts was 3.47 years at January 31, 2013. The duration of the Barclays Capital Intermediate Aggregate Index was 3.75 years at January 31, 2013.
>
> Duration is a measure of interest rate risk. In the case of the SBS's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the SBS's structured payout synthetic investment contracts is the weighted average maturity of the contract payments.

The ARMB does not have a policy to limit interest rate risk for the reserve. The balance in the reserve is invested in the custodian's Institutional Treasury Money Market Fund.

Pooled Investment Funds

Duration is a measure of security's sensitivity to a 100-basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate 13 participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

> For government and corporate debt securities, duration is limited to ± 0.20 years of the Barclays Aggregate Bond Index. At January 31, 2013, the duration of the Barclays Aggregate Bond Index was 5.20 years and the duration of the Aggregate Bond Trust was 5.17 years.

The weighted average maturity of the money market portfolio was 28.38 days at January 31, 2013.

The ARMB does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund or commercial paper.

Credit Risk

The ARMB does not have a policy to limit credit risk for SBS's Collective Investment Funds and commingled money market portfolio. These investments are not rated.

Treasury's investment policy limits credit risk in the Short–term Fixed Income Pool by limiting investments to instruments with a long–term credit rating of at least A3 or equivalent and instruments with a short–term credit rating of at least P-1 or equivalent. Treasury's investment policy further limits investments in institutional money market funds to those rated AAA. Treasury does not have a policy to limit credit risk associated with deposit accounts or investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the reserve:

> Synthetic investment contract issuers must have an investment grade rating,
> Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent;
> Corporate debt securities must have a minimum rating of BBB- or equivalent,
> Asset-backed securities must have a minimum rating of AAA or equivalent, and
> The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for wholly-owned pooled investments:

> All government and corporate fixed income securities must be rated BBB- or better at time of purchase,
> Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation, and
> Commercial paper and other short-term debt obligations must be rated A1 or equivalent.

At January 31, 2013, SBS investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

		Fair Value (in thousands)				
Investment type	Rating	Short-term Fixed Income Pool	Underlying Synthetic Investment Contracts	Investment Loss Trust	Other	Total
Investments with Credit Exposure:						
Money Market Fund	Not Rated	$ -	$ -	$ -	$ 1,309	$ 1,309
Short-term Investment Fund	Not Rated	-	7,005	-	-	7,005
Commercial Paper	Not Rated	418	-	125	-	543
U.S. Government Agency	AA	67	12,000	20	-	12,087
U.S. Government Agency	Not Rated	639	-	192	-	831
U.S. Government Agency:						
Discount Notes	Not Rated	1	-	1	-	2
Municipal Government	AA	4	-	1	-	5
Mortgage-backed	AAA	9	5,733	3	-	5,745
Mortgage-backed	AA	5	63	2	-	70
Mortgage-backed	A	4	1,861	1	-	1,866
Mortgage-backed	Not Rated	4	101,109	1	-	101,114
Other Asset-backed	AAA	2,712	2,279	813	-	5,804
Other Asset-backed	AA	45	233	13	-	291
Other Asset-backed	Not Rated	359	2,245	107	-	2,711
Corporate Bonds	AAA	-	84	-	-	84
Corporate Bonds	AA	105	6,397	32	-	6,534
Corporate Bonds	A	151	26,966	45	-	27,162
Corporate Bonds	BBB	-	19,689	-	-	19,689
Corporate Bonds	Not Rated	-	392	-	-	392
Yankees:						
Corporate	AA	45	3,172	13	-	3,230
Corporate	A	46	5,621	14	-	5,681
Corporate	BBB	-	2,222	-	-	2,222
Government	AAA	-	6,481	-	-	6,481
Government	AA	-	2,021	-	-	2,021
Government	A	-	1,710	-	-	1,710
Government	BBB	-	55	-	-	55
Deposits and Investments with No Credit Exposure:						
Deposits		-	(6,239)	-	-	(6,239)
U.S. Treasury Bills	Not Rated	1,678	-	503	-	2,181
U.S. Treasury Notes	Not Rated	147	91,966	44	-	92,157
Participant-directed Funds						
Collective Investment Funds		-	-	-	605,770	605,770
Pooled Investment Funds		-	-	-	1,773,721	1,773,721
Wholly Owned Domestic Equity		-	-	-	129,934	129,934
Total Invested Assets		6,439	293,065	1,930	2,510,734	2,812,168
Pool Related Net (Liabilities)		(370)	-	(1)	-	(371)
Total		$ 6,069	$ 293,065	$ 1,929	$ 2,510,734	$ 2,811,797

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At January 31, 2013, the SBS Plan's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

Treasury's policy with regard to the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group, unless explicitly backed by the U.S. Government.

The ARMB's policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts, and the reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Stable Value Fund's total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

Investment Type	Issuer	All Issuers
U.S. Treasury and Agencies	100%	100%
U.S. Agency Securities	100%	100%
Agency Mortgage-backed Securities	50%	50%
Nonagency Mortgage-backed Securities	5%	50%
Asset-backed Securities	5%	50%
Domestic and Foreign Corporate Debt Securities	5%	50%
Supranational Agency and Foreign Government Entity Securities	5%	50%
Money Market Instruments – Nongovernmental Agency	5%	100%
Custodian Short-term Investment Fund	100%	100%

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's policy with regard to concentration of credit risk for wholly-owned pooled investments is as follows:

Equity holdings will be limited to five percent per issuer of the equity portfolio at the time of purchase,

With the exception of the U.S. Government or its agencies, fixed income holdings of any single issuer are limited to two percent of the total portfolio at the time of purchase, and

With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than five percent of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At January 31, 2013, SBS had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. SBS has exposure to foreign currency risk in the International Equity and the Global Balanced collective investment funds.

The ARMB's policy with regard to the Stable Value Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB's policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

C. DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY

There are many component units of the State that maintained their accounts outside of the State treasury. However, the overwhelming majority of the activity is within the Alaska Permanent Fund Corporation (APFC). Information on deposits and investments maintained by the other component units are available within their separately issued audit reports.

ALASKA PERMANENT FUND CORPORATION

APFC is managed by a six member board of trustees (the "Trustees" or "Board") consisting of the Department of Revenue Commissioner, one other head of a principal State department, and four governor-appointed public members with recognized competence and experience in finance, investments, or other business management-related fields. The Alaska Permanent Fund (the "Fund") assets are diversified across a wide variety of investments, in accordance with statutes, regulations, and APFC investment policies.

Investments and Related Policies

Carrying value of investments

The Fund's investments are reported at fair value in the financial statements. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance. For marketable debt and equity securities, including real estate investment trusts, fair values are obtained from independent sources using published market prices, quotations from national security exchanges, and security pricing services. Fair values of investments that have no readily ascertainable fair value are determined by management using the fair value capital account balances nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Direct investments in real estate are subject to annual appraisals and audits. All alternative investments undergo annual independent financial statement audits.

State investment regulations

In accordance with Alaska Statute 37.13.120(a), the Trustees have adopted regulations designating the types of eligible investments for Fund assets. The regulations follow the prudent investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while maximizing the expected total return from both income and the appreciation of capital.

Investment policy – Asset allocation

The Trustees have established a long-term goal of achieving a five percent real rate of return over time on the Fund's investment portfolio. To help achieve this goal, the Trustees allocate the Fund's investments among various risk and asset classes.

At June 30, 2013, the APFC's strategic asset allocation targets were as follows:

Risk Class	Asset Class	Risk Class Target	Asset Class Target
Cash		2%	2%
Interest Rates		6%	
	U.S. Government Bonds		4%
	International Developed Government Bonds (currency hedged)		2%
Company Exposure		55%	
	Global Credit		11%
	Public/Private Credit		2%
	Global Equity		36%
	Private Equity		6%
Real Assets		19%	
	Real Estate		12%
	Infrastructure		4%
	U.S. Treasury Inflation Protection Securities		3%
Special Opportunities		18%	
	Absolute Return Mandate		6%
	Real Return Mandate		7%
	Emerging Markets Multi-Asset		2%
	Debt Opportunities		1%
	Other (future opportunities)		2%

Capital that is not invested in the special opportunities risk class resides in the company exposure risk class. To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target dollar allocation for the interest rate risk class is six percent, with the green zone range set at six to 12 percent, yellow zone ranges set at five to six percent and 12 to 20 percent, and red zone ranges set at allocations of less than five percent or greater than 20 percent. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

Interest Rate Risk

The APFC manages the Fund's exposure to interest rate risk in part through tracking error guidelines set forth in the APFC's investment policy. Duration is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of 5.0, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of five percent.

At June 30, 2013, the Fund held fixed income investments with floating, variable, and step interest rates, valued at $249,410 thousand. These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero to 7.5 percent.

Credit Risk

The APFC requires that its investment grade fixed income managers, both internal and external, invest in domestic and non-domestic bonds that have an explicit or implied investment grade rating. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial Credit Risk

The APFC generally requires that all investment securities at custodian banks be held in the name of the Fund or the APFC (on behalf of the Fund). For the Fund's non-domestic securities held by most sub-custodians, the APFC's primary custodian provides contractual indemnities against sub-custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund. Late deposits of cash which miss the money market sweep deadline are deposited to an interest bearing account at the custodian.

Concentration of Credit Risk

The APFC manages the Fund's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with APFC investment policy and investment manager contracts. There is no single-issuer exposure within the APFC portfolio that comprises five percent or more of the overall portfolio. Therefore, no concentration of credit risk is reported in the notes to the financial statements.

Foreign Currency Risk

Foreign currency risk is managed through foreign currency forward contracts, and by diversifying assets into various countries and currencies.

Forward Exchange Contracts

Fund managers enter into a variety of forward currency contracts in their trading activities and management of foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations, and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase/decrease in the fair value of investments at the time the contract is settled and determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses are also included in the net increase in the fair value of investments, and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control the effect of fluctuations in foreign exchange rates within their overall portfolio strategy rather than on a security by security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Futures

Certain equity and fixed income managers for the Fund are permitted to buy and sell equity and interest rate index futures. The gross fair value of futures does not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in investments on the balance sheets, based on the difference between the future's purchase price and the current value of such index futures. Realized gains and losses on futures are included in the net increase in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is included in the net increase in the fair value of investments.

Cash and Temporary Investments

The amounts shown on the balance sheets as cash and temporary investments include cash on deposit at the custodian bank, cash swept to overnight investment funds, cash held at futures brokers, petty cash, U.S. Treasury bills, and the net fair value of foreign exchange forward contracts. The APFC's asset allocation includes two percent to cash. APFC's investment policy specifies that funds dedicated to this portion of the asset allocation will be invested in money market funds or fixed income securities with weighted-average maturities of no greater than 24 months.

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30, 2013 (in thousands):

Cash	$ 62,405
Pooled Funds	1,543,820
U.S. Treasury Bills	681,898
Total Cash and Temporary Investments	$ 2,288,123

Uninvested cash was held at the custodian, sub-custodian, or futures broker banks, primarily in interest-bearing accounts. All pooled funds were invested in a money market fund. U.S. Treasury bills are explicitly guaranteed by the U.S. government.

Marketable Debt Securities

Marketable debt securities at June 30, 2013, are summarized as follows (in thousands), categorized by debt instrument type and by country of registration:

	Cost	Fair Value	Unrealized Gains/(Losses)
Treasury and Government Notes/Bonds	$ 2,363,136	$ 2,333,773	$ (29,363)
Mortgage-backed Securities	833,794	830,363	(3,431)
Corporate Bonds	2,519,717	2,521,280	1,563
Commercial Mortgage/Asset-backed Securities	319,598	325,323	5,725
Non-U.S. Treasury and Government Bonds	1,022,837	987,832	(35,005)
Non-U.S. Corporate Bonds	519,215	516,762	(2,453)
Total Marketable Debt Securities	$ 7,578,297	$ 7,515,333	$ (62,964)

Marketable Debt Credit Ratings

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate (approximately 88 percent of bond mandates at June 30, 2013), issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Minimum standards are a Standard & Poor's Corporation rating BBB or better, or Moody's Investors Service, Inc. rating of Baa or better, or a comparable rating by another Nationally Recognized Statistical Rating Organizations (NRSRO) or by a recognized rating service in the jurisdiction of the issuer. Managers with high yield mandates (approximately 12 percent of bond mandates at June 30, 2013) are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the NRSROs used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2013, the Fund's credit ratings for its marketable debt securities are as follows (in thousands):

NRSRO Quality Rating	Domestic	Non-domestic	Total Fair Value	Percent of Holdings
AAA	$ 476,614	$ 125,463	$ 602,077	8.01%
AA	320,079	113,546	433,625	5.77%
A	1,059,986	145,493	1,205,479	16.04%
BBB	1,302,427	249,902	1,552,329	20.66%
BB	93,465	25,152	118,617	1.58%
B	89,820	-	89,820	1.19%
CCC	37,153	-	37,153	0.49%
CC	3,578	-	3,578	0.05%
D	2,003	-	2,003	0.03%
Total Fair Value of Rated Debt Securities	3,385,125	659,556	4,044,681	53.82%
Commingled Bond Funds	320,757	-	320,757	4.27%
Not Rated	15,384	49,669	65,053	0.86%
U.S. Government Explicitly Backed by the U.S. Government (AA)	2,467,189	-	2,467,189	32.83%
U.S. Government Implicitly Backed by the U.S. Government (AA)	617,653	-	617,653	8.22%
Total Fair Value Debt Securities	$ 6,806,108	$ 709,225	$ 7,515,333	100.00%

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio effective duration in comparison to established benchmarks. At June 30, 2013, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic Bonds		
Treasuries and Government Notes/Bonds	40.61%	5.53
Mortgage-backed Securities	14.67%	4.14
Corporate Bonds	38.93%	6.95
Commercial Mortgage and Asset-backed Securities	5.79%	3.80
Total Domestic Bonds	100.00%	5.78
Non-domestic Bonds		
Non-U.S. Treasury and Government Bonds	60.83%	6.69
Non-U.S. Corporate Bonds	39.17%	6.23
Total Non-domestic Bonds	100.00%	6.51

Preferred and Common Stock

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund. The Fund also invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors.

Preferred and common stocks and commingled stock funds at June 30, 2013 are summarized as follows (based on currency of trade), and include the net fair value of equity index futures of $781 thousand:

	Cost	Fair Value	Unrealized Gains/(Losses)
Direct Investments			
Domestic	$ 6,263,232	$ 8,121,463	$ 1,858,231
Non-domestic	9,483,462	10,322,555	839,093
Commingled Funds	1,827,756	1,582,971	(244,785)
Total Preferred and Common Stock	$ 17,574,450	$ 20,026,989	$ 2,452,539

Foreign Currency Exposure

Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets into various countries and currencies.

At June 30, 2013, the Fund's cash holdings, foreign currency forward contracts, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows, shown in U.S. dollar equivalent at fair value and based on the currency in which the securities are held and traded (in thousands):

Foreign Currency	Cash and Equivalents	Foreign Exchange Forward Contracts	Public and Private Equity	Debt	Total Foreign Currency Exposure
Australian Dollar	$ (7,053)	$ (12,399)	$ 430,896	$ 13,132	$ 424,576
Brazilian Real	3,238	(31,244)	198,731	60,232	230,957
British Pound Sterling	4,919	(133,113)	1,465,358	32,195	1,369,359
Canadian Dollar	7,519	(81,192)	604,958	25,857	557,142
Chilean Peso	(581)	(78)	18,461	14,991	32,793
Chinese Yuan Renminbi	-	(5,289)	-	386	(4,903)
Colombian Peso	-	(10,414)	9,039	23,497	22,122
Czech Koruna	56	(9,648)	3,248	9,275	2,931
Danish Krone	(102)	(1,242)	73,554	-	72,210
Egyptian Pound	58	-	990	-	1,048
Euro Currency	18,217	(200,424)	2,222,656	172,640	2,213,089
Hong Kong Dollar	4,265	18,046	611,813	-	634,124
Hungarian Forint	-	-	3,169	7,001	10,170
Indian Rupee	1,899	(6,139)	175,265	-	171,025
Indonesian Rupiah	(2,289)	3,220	127,796	1,361	130,088
Israeli Shekel	455	(7,232)	34,334	10,153	37,710
Japanese Yen	3,821	(90,681)	1,674,792	125,929	1,713,861
Malaysian Ringgit	(2,781)	(2,794)	76,177	3,361	73,963
Mexican Peso	2,463	(51,153)	100,698	87,838	139,846
Moroccan Dirham	13	-	818	-	831
New Zealand Dollar	117	(56,337)	12,211	8,350	(35,659)
Nigerian Naira	-	-	-	18,008	18,008
Norwegian Krone	563	23,482	70,915	6,969	101,929
Peruvian Nuevo Sol	3	(2,571)	-	5,071	2,503
Philippine Peso	136	(10,820)	32,410	23,087	44,813
Polish Zloty	154	(12,555)	21,278	34,339	43,216
Russian Ruble	-	(12,395)	-	35,095	22,700
Singapore Dollar	878	18,047	96,584	588	116,097
South African Rand	1,154	(11,090)	128,442	36,114	154,620
South Korean Won	(141)	(24,961)	346,716	19,388	341,002
Swedish Krona	1,246	20,752	227,794	2,469	252,261
Swiss Franc	6,165	14,522	513,268	-	533,955
Taiwan Dollar	1,194	(6,356)	226,174	-	221,012
Thai Baht	388	(915)	154,052	671	154,196
Turkish Lira	4,529	(25,858)	91,290	35,321	105,282
Uruguayan Peso	-	-	-	11,870	11,870
Total foreign currency exposure	$ 50,503	$ (708,831)	$ 9,753,887	$ 825,188	$ 9,920,747

Cash amounts in the schedule above include receivables, payables, certificates of deposit, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value. The remaining Fund assets are invested in U.S. cash, equities, and debt, as well as in direct real estate properties, real return mandates, absolute return and similar funds, and infrastructure, all of which are denominated in U.S. dollars, and are not included in the schedule above.

Real Estate

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, a multi-family real estate operating company, and other entities in which the assets consist primarily of real property. The Fund invests in real estate directly through ownership of interests in corporations, limited liability companies, and partnerships that

hold title to the real estate. External institutional real estate management firms administer the Fund's directly owned real estate investments.

The APFC periodically reviews real estate investments for other than temporary impairment. There was no impairment recognized in FY 13.

Real estate investments at June 30, 2013 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Real Estate Investment Trusts	$ 852,648	$ 1,041,141	$ 188,493
Alaska Residential Mortgage	3	3	-
Directly Owned Real Estate:			
Retail	771,350	1,447,403	676,053
Office	1,371,761	1,572,324	200,563
Industrial	227,534	246,694	19,160
Multifamily	990,894	1,227,377	236,483
Total Real Estate	$ 4,214,190	$ 5,534,942	$ 1,320,752

Alternative Investments

Alternative investments include the Fund's investments in or through real return mandates, absolute return strategies, private equity, infrastructure, distressed debt, and mezzanine debt. The APFC periodically reviews alternative investments for other than temporary impairment.

The objective for the real return mandate is to produce a five percent real return (in excess of inflation) over the longer of one business cycle or five years. Each manager's contract specifies permitted investments and liquidity guidelines. Investments are generally in commingled proprietary funds structured as limited partnerships.

Absolute return strategies are investments in specialized funds with low market correlation. The Fund's absolute return strategies are managed through three limited partnerships, in which the Fund is the only limited partner ("fund-of-one"). External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries with respect to the Fund. Absolute return strategies invest in a diversified portfolio of underlying limited partnership interests or similar limited liability entities. Each fund-of-one provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit. Many absolute return investments by their nature have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to select private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the external advisors and the underlying fund managers. The underlying private equity funds provide the Fund with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates, and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets. There was no impairment recognized in FY 13.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund's investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates. The limited partnerships undergo annual independent audits. Infrastructure investments by their nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

The Fund invests in distressed debt through limited partnerships that invest either directly in distressed debt or in commingled limited liability funds with a distressed debt or credit opportunity focus. The Fund invests in mezzanine debt through limited partnerships that invest directly in mezzanine debt. These investments are funded over time, as opportunities arise. The limited partnerships and funds undergo annual independent audits. Distressed debt and mezzanine investments by their nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Alternative investments at June 30, 2013 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Real return	$ 2,715,569	$ 3,061,731	$ 346,162
Absolute return	2,297,612	2,640,327	342,715
Private equity	1,835,260	2,089,273	254,013
Infrastructure	814,351	852,643	38,292
Distressed and mezzanine debt	1,136,492	1,290,216	153,724
Total alternative investments	$ 8,799,284	$ 9,934,190	$ 1,134,906

As of June 30, 2013, the APFC, on behalf of the Fund, had outstanding future funding commitments of: $1.66 billion for private equity; $800 million for infrastructure; and $249.1 million for distressed and mezzanine debt investments combined. Many alternative investments have liquidity constraints and may not be available for cash withdrawal until a specified period of time has elapsed.

Emerging Markets Total Opportunities

APFC's emerging market multi-asset class mandates represent portfolios that invest across the spectrum of liquid securities: stocks, bonds and currency. This flexibility gives the managers the ability to select the most advantageous publicly traded investments from both a risk and return perspective without the limitation of security type.

Emerging market mandates at June 30, 2013 are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Holding Gains/(Losses)
Emerging Markets Total Opportunities	$ 914,233	$ 806,805	$ (107,428)

Alaska Certificates of Deposit

State regulations and APFC investment policy authorize the APFC to invest Fund assets in certificates of deposit or the equivalent instruments of banks, savings and loan associations, mutual savings banks and credit unions doing business in Alaska. The certificates of deposit are secured by collateral consisting of letters of credit from the Federal Home Loan Bank or pooled mortgage securities issued by U.S. government sponsored enterprises.

In FY 13, APFC did not renew its certificates of deposit.

Securities Lending

State regulations at 15 AAC 137.510 and APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York Mellon (the Bank), the Fund lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or marketable securities guaranteed by the U.S. government or a U.S. government agency. Under APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of the loaned securities for domestic securities (and non-domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other non-domestic loaned securities. The APFC can sell securities that are on loan. If a borrower fails to return the loaned securities (borrower default), the Bank can use cash collateral (and the proceeds on the sale of any non-cash collateral) to

purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, the reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Fund's balance sheets and invested by the Bank on behalf of the Fund. As of June 30, 2013, such investments were in overnight repurchase agreements that had a weighted-average-maturity of one day. The average term of the loans was also one day. At June 30, 2013 the value of securities on loan is as follows (in thousands):

Fair Value of Securities on Loan	$ 3,261,466
Cash Collateral	3,451,974

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the year ended June 30, 2013, the Fund incurred no losses from securities lending transactions. The Fund received income of $10,839 thousand from securities lending for the year ended June 30, 2013, which is recorded in real estate and other income on the statements of revenues, expenditures and changes in fund balances.

Investment Income by Source

Investment income during the year ended June 30, 2013, is summarized as follows (in thousands):

Interest	
Marketable Debt Securities	$ 258,504
Alaska Certificates of Deposit	1,227
Short-term Domestic and Other	9,674
Total Interest	$ 269,405
Dividends	$ 531,486
Real Estate and Other Income	
Directly Owned Real Estate Net Rental Income	$ 164,688
Real Estate Investment Trust Dividends	12,283
Real Return Interest and Dividends	27,075
Absolute Return Management Expenses, Net of Dividend and Interest Income	(17,277)
Distressed and Mezzanine Debt Interest Income, Net of Fees	35,553
Infrastructure Interest and Dividend Income, Net of Fees	29,180
Private Equity Dividend Income, Net of Management Expenses	15,532
Class Action Litigation Income	2,689
Loaned Securities, Commission Recapture and Other Income	11,283
Total Real Estate and Other Income	$ 281,006

Foreign Exchange Contracts Futures and Off-Balance Sheet Risk

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2013 ranged between one and 101 days.

The counterparties to the FX forward contracts consisted of a diversified group of financial institutions. The Fund is exposed to credit risk to the extent of non-performance by these counterparties. The Fund's market risk as of June 30, 2013 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for FY 13 are summarized as follows (in thousands):

Face Value of FX Forward Contracts	$ 1,681,427
Net Unrealized Holding Gains on FX Forward Contracts	15,575
Fair Value of FX Forward Contracts	$ 1,697,002
Change in Unrealized Holding Losses	$ 25,084
Realized Gains	38,526
Net Increase in Fair Value of FX Forward Contracts	$ 63,610

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account, and beginning in FY 13, the internal fixed income management team began trading U.S. Treasury index futures. Equity index futures are traded in both domestic and non-domestic markets based on an underlying stock exchange value. Equity and fixed income index futures are settled with cash for the net difference between the trade price and the settle price.

Activity and balances related to equity index futures for FY 13 is summarized as follows (in thousands):

Face Value of Equity Index Futures	$ 138,182
Net Unrealized Holding Gains on Futures	781
Fair Value of Equity Index Futures	$ 138,963
Change in Unrealized Holding Losses	$ (11,428)
Realized Gains	46,759
Net Increase in Fair Value of Futures	$ 35,331

Activity and balances related to U.S. Treasury index futures for FY 13 is summarized as follows (in thousands):

Face Value of U.S. Treasury Index Futures	$ 195,197
Net Unrealized Holding Losses on Futures	(1,355)
Fair Value of U.S. Treasury Index Futures	$ 193,842
Change in Unrealized Holding Losses	$ (425)
Realized Losses	(4,080)
Net Decrease in Fair Value of U.S. Treasury Futures	$ (4,505)

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the Fund's balance sheets. All other balance and activity amounts shown above are included in the Fund's financial statements within the net increase/ (decrease) in fair value of investments on the Statement of Revenues, Expenditures and Changes in Fund Balances.

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital assets, which include property, plant, equipment, and infrastructure items (highways, bridges, and similar items) are reported in the applicable governmental and business-type activity columns of the government-wide financial statements. Intangibles are reported separately in the notes to the financial statements; however, on the face of the financial statements, intangibles are grouped with the asset class they most resemble. Easements and right of way are grouped with land, and software is grouped with equipment.

Capitalization policy and useful lives for capital assets are as follows:

	Governmental Activities		Business-type Activities	
Capital Asset	Capitalize at Value	Useful Life	Capitalize at Value	Useful Life
Land	All	Indefinite	All	Indefinite
Infrastructure	$ 1,000,000	15-75	$ 100,000	5-40
Buildings	1,000,000	50	100,000	10-40
Intangible Assets and Computer Software	500,000	3-7		
Building Improvements	100,000	1-50	All	5-40
Machinery/equipment	100,000	3-60	5,000	5-10
Construction in Progress				

When a proprietary or fiduciary fund has its own capitalization policy, capital assets will be capitalized under that policy rather than in accordance with the above table.

State of Alaska art, library reserve, and museum collections that are considered inexhaustible, in that their value does not diminish over time, are not capitalized. These assets are held for public exhibition, education, or research rather than financial gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

Capital asset activities for the fiscal year ended June 30, 2013, are as follows (in millions):

Governmental Activities	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right-of-Way	$ 545	$ 36	$ (8)	$ 573
Land	323	16	-	339
Construction in progress	1,367	515	(576)	1,306
Total capital assets not being depreciated	2,235	567	(584)	2,218
Capital assets being depreciated:				
Buildings	1,726	238	(25)	1,939
Intangible - Software	53	8	-	61
Equipment	899	55	(17)	937
Infrastructure	6,684	419	-	7,103
Total capital assets being depreciated	9,362	720	(42)	10,040
Less accumulated depreciation for:				
Buildings	(536)	(86)	17	(605)
Intangible - Software	(46)	(8)	-	(54)
Equipment	(456)	(45)	10	(491)
Infrastructure	(4,070)	(321)	-	(4,391)
Total accumulated depreciation	(5,108)	(460)	27	(5,541)
Total capital assets being depreciated, net	4,254	260	(15)	4,499
Capital assets, net	$ 6,489	$ 827	$ (599)	$ 6,717

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for internal funds are included as part of the above schedule for governmental activities.

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 31	$ -	$ -	$ 31
Construction in progress	70	55	(43)	82
Total capital assets not being depreciated	101	55	(43)	113
Capital assets being depreciated:				
Buildings	1,035	53	-	1,088
Equipment	89	11	-	100
Infrastructure	771	30	-	801
Total capital assets being depreciated	1,895	94	-	1,989
Less accumulated depreciation for:				
Buildings	(285)	(32)	-	(317)
Equipment	(57)	(7)		(64)
Infrastructure	(359)	(27)	-	(386)
Total accumulated depreciation	(701)	(66)	-	(767)
Total capital assets being depreciated, net	1,194	28	-	1,222
Capital assets, net	$ 1,295	$ 83	$ (43)	$ 1,335

The following relates to the land owned by the State:

The total state entitlement amounts to approximately 105.7 million acres, 102.5 million of which was received through the Statehood Act. In accordance with the Alaska Statehood Act section 6(g), Alaska Native Claims Settlement Act, and the Alaska National Interest Lands Conservation Act, section 906(c), 100.5 million acres have been patented or "tentatively approved."

The State disposes of various land parcels through several programs. However, the State generally retains the subsurface rights of the land upon disposal.

Depreciation expense was charged to the functions of the primary government as follows (in millions):

Governmental Activities	Amount
General Government	$ 18
Education	9
Health and Human Services	5
Law and Justice	3
Natural Resources	5
Development	1
Public Protection	56
Transportation	334
Depreciation on capital assets held by the state's internal service funds is charged to the various functions based on their use of the assets.	29
Total Depreciation Expense – Governmental Activities	$ 460
Business-type Activities	
Enterprise	$ 66

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2013 (in millions):

	Beginning Balance (restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 101	$ 6	$ (1)	$ 106
Library, media, and museum collections	60	2	-	62
Construction in progress	363	479	(227)	615
Infrastructure	-	-	-	-
Total capital assets not being depreciated	524	487	(228)	783
Capital assets being depreciated/depleted:				
Intangible - Software	1	-	-	1
Intangible - Right of Use	21	-	-	21
Land	4	-	-	4
Buildings	1,630	165	(7)	1,788
Equipment	576	30	(13)	593
Infrastructure	1,407	48	-	1,455
Total capital assets being depreciated/depleted	3,639	243	(20)	3,862
Less accumulated depreciation/depletion for:				
Intangible - Software	(1)	-	-	(1)
Intangible - Right of Use	(4)	(1)	-	(5)
Buildings	(826)	(56)	3	(879)
Equipment	(322)	(34)	12	(344)
Infrastructure	(562)	(51)	-	(613)
Total accumulated depreciation/depletion	(1,715)	(142)	15	(1,842)
Total capital assets being depreciated/depletion, net	1,924	101	(5)	2,020
Capital assets, net	$ 2,448	$ 588	$ (233)	$ 2,803

University of Alaska art, library, and museum collections, which are capitalized but not depreciated, are held for public exhibition, education, or research rather than financial gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

Beginning balances for the discretely presented component units have been restated. In FY 2013, the 28th Legislature eliminated the Alaska Natural Gas Development Authority and moved the Alaska Gasline Development Corporation from being a subsidiary of the Alaska Housing Finance Corporation to being an independent public corporation of the State.

NOTE 6 – SHORT-TERM DEBT, BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

A. SUMMARY OF CHANGES

SHORT-TERM DEBT

Two enterprise funds, the Alaska Clean Water Fund and the Alaska Drinking Water Fund issued bond anticipation notes during FY 2013 totaling $1,689 thousand and $1,800 thousand respectively. The proceeds were used to fund the State share

of loan distributions and administration costs. In accordance with the Environmental Protection Agency regulations, interest and investment earnings were used to retire the bond anticipation notes. No balance was outstanding at year end.

The State issued bond anticipation notes during FY 2013 totaling $150,000 thousand that will mature in FY 2014.

Short-term debt activity for the primary government for the fiscal year ended June 30, 2013 is as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Bond Anticipation Notes	$ -	$ 153,489	$ 3,489	$ 150,000

LONG-TERM LIABILITIES

The following table summarizes changes in long-term liabilities for the fiscal year ended June 30, 2013 (in thousands):

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 414,060	$ 1,548	$ 12,562	$ 403,046	$ 6,713
General obligation debt	609,957	348,462	64,453	893,966	191,828
Capital leases payable	359,516	5,279	23,030	341,765	23,717
Unearned revenue	379,654	29,594	12,067	397,181	29,488
Certificates of participation	11,375	-	6,465	4,910	1,565
Compensated absences	170,167	180,206	174,013	176,360	155,522
Claims and judgments	98,250	49,145	36,801	110,594	38,680
Pollution Remediation	108,099	11,032	19,846	99,285	10,713
Other noncurrent liabilities	938	63	10	991	523
Net pension obligation	2,861	-	2,861	-	-
Total	$2,154,877	$ 625,329	$ 352,108	$2,428,098	$ 458,749

Beginning balances for revenue bonds payable and general obligation debt were restated ($85 thousand and $4 thousand respectively) due to the State's conversion to a debt management software system that resulted in more precise calculations of debt activity.

In FY 2013, the legislature made an additional contribution to the Judicial Retirement System that decreased the net pension obligation to zero. Please refer to Note 7 for information on the additional contribution.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities.

The General Fund and special revenue funds in which the leases are recorded typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the funds incurring the related salaries and wages. Claims and judgments attributable to governmental activities will generally be liquidated by the General Fund, except for the payments by Capital Project Funds for the rebate of arbitrage. Certain claims and judgment liquidations will receive proportional federal reimbursement. Other non-current liabilities due within one year will be liquidated by the General Fund and those due after one year will be liquidated by the Reclamation Bonding Pool, a special revenue fund.

The Internal Revenue Code and arbitrage regulations issued by the Internal Revenue Service require rebate to the federal government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued. Arbitrage rebates payable are reported under claims and judgments.

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 579,579	$ -	$ 14,550	$ 565,029	$ 14,350
Unearned revenue	783	1,462	783	1,462	1,462
Compensated absences	4,770	4,077	4,209	4,638	3,770
Pollution Remediation	1,313	-	60	1,253	81
Total	$ 586,445	$ 5,539	$ 19,602	$ 572,382	$ 19,663

B. GENERAL OBLIGATION BONDS AND REVENUE BONDS

GENERAL OBLIGATION BONDS

Under Article IX, Section 8 of the State Constitution and AS 37.15, the State Bonding Act, general obligation bonds must be authorized by law and ratified by voters and generally must be issued for capital improvements. There is no statutory limit on the amount of State general obligation bonds that may be authorized.

The full faith, credit, and resources of the State are pledged to secure payment of general obligation bonds. As of June 30, 2013, the following were the general obligation bond debt outstanding (in millions):

Year Ending June 30	Principal	Interest	Total
2014	$ 189.7	$ 34.0	$ 223.7
2015	38.3	29.7	68.0
2016	39.5	28.3	67.8
2017	40.9	26.7	67.6
2018	42.7	24.8	67.5
2019-2023	173.2	98.3	271.5
2024-2028	146.4	62.7	209.1
2029-2033	139.1	25.2	164.3
2034-2038	23.0	2.8	25.8
Total debt service requirements	832.8	$ 332.5	$ 1,165.3
Unamortized bond premium	61.2		
Total principal outstanding	$ 894.0		

The General Obligation Bonds Series 2003A were issued for the purpose of paying $235,215,500 of the cost of design, construction and major maintenance of educational and museum facilities and for the purpose of paying $123,914,500 of the costs of State transportation projects. The Series 2003B Bonds were issued for the purpose of paying $102,805,000 of the costs of State transportation projects. The Series 2009A Bonds were issued for the purpose of paying $165,000,000 of the costs of State transportation projects. The Series 2010 A and B Bonds were issued for the purpose of paying $164,570,000 of the costs of State education projects. The Series 2012A Bonds were issued for the purpose of refunding $191,410,000 on the 2003A Series Bonds. The Series 2013 A and B Bonds were issued for the purpose of paying $162,480,000 of the costs of State education projects. The Series 2013C Bonds were issued for the purpose of paying $149,645,000 of the costs of State transportation projects.

Federal subsidies related to the interest payments made during the year on the bonds were $4.8 million.

The amount of General Obligation Bonds authorized but not issued at June 30, 2013 was $336.6 million.

REVENUE BONDS

As of June 30, 2013, the following were the revenue bonds outstanding (in millions):

	Governmental Activities		Business-Type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2014	$ 6.7	$ 19.1	$ 14.4	$ 26.9
2015	13.6	18.9	20.6	26.1
2016	14.3	18.3	21.7	25.1
2017	12.0	17.6	21.4	24.0
2018	7.2	17.0	27.9	22.9
2019-2023	43.1	79.6	160.7	91.3
2024-2028	44.4	68.3	202.1	45.8
2029-2033	46.4	57.7	64.3	11.7
2034-2038	59.9	44.8	20.1	1.9
2039-2043	80.7	28.0	-	-
2044-2048	73.6	131.5	-	-
Total debt service requirements	401.9	$ 500.8	553.2	$ 275.7
Unamortized bond (discounts)/premiums	(5.1)		11.8	
Plus accreted value	6.3		-	
Total principal outstanding	$ 403.1		$ 565.0	

There are two types of revenue bonds within governmental activities reported above, the Northern Tobacco Securitization Corporation revenue bonds and the State of Alaska Sport Fishing Revenue bonds. This debt is reported in the Governmental Activities column of the Government-wide Statement of Net Position.

Northern Tobacco Securitization Corporation Revenue Bonds

The Northern Tobacco Securitization Corporation (NTSC) bonds were issued to purchase the right to a share of Tobacco Settlement Revenues (TSRs) received by the State of Alaska. These revenue bonds are secured by and payable solely from the TSRs and investment earnings pledged under the respective bond indentures and amounts established and held in accordance with those bonds indentures. Neither Alaska Housing Finance Corporation nor the State of Alaska is liable for any debt issued by NTSC. NTSC revenue bond total at June 30, 2013 includes $362.0 million in principal, $486.3 million in interest, $7.5 million in unamortized discount, and $6.3 million in accreted value on the Series 2006B and Series 2006C Bonds.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing Revenue Bonds Series 2006 were issued under Article 5A of Chapter 15 of Title 37 of the Alaska Statutes. The bonds were issued to provide a portion of the funds necessary to finance the construction and renovation of fisheries rehabilitation, enhancement and development projects that benefit sport fishing. These revenue bonds are special, limited obligations of the State secured by and payable from the sport fishing facilities surcharge imposed under AS 16.05.340 and from funds received from the federal government which by their terms are not restricted in use and legally available for the payment for debt service on Parity Bonds. The bonds are not general obligations of the State, and the State does not pledge its full faith and credit to the payment of the bonds. Sport Fishing revenue bond total at year end includes $39.9 million in principal, $14.5 million in interest, and $2.4 million in unamortized premium.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund. Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports revenue bonds. There are $23.2 million of bonds authorized by the Alaska Legislature that have not been issued. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Assets. No International Airports Revenue Bonds were refunded during FY 13. At June 30, 2013 there was no bond interest arbitrage rebate liability. Federal subsidies related to the interest payments made during the year on Build American Bonds were $430 thousand.

C. CAPITAL AND OPERATING LEASES

A summary of noncancelable operating and capital lease commitments to maturity are (in millions):

Governmental Activities	Operating	Capital Leases		
Year Ending June 30	Leases	Principal	Interest	Total
2014	$ 37.5	$ 23.7	$ 18.0	$ 41.7
2015	25.5	23.9	16.8	40.7
2016	19.9	21.1	15.7	36.8
2017	14.2	19.8	14.6	34.4
2018	10.0	17.1	13.7	30.8
2019-2023	15.7	85.1	54.9	140.0
2024-2028	3.7	72.5	34.5	107.0
2029-2033	1.7	77.0	12.5	89.5
2034-2038	0.5	-	0.4	0.4
2039-2043	0.2	-	0.3	0.3
2044-2048	0.2	-	0.3	0.3
2049-2053	0.2	-	0.3	0.3
2054-2058	0.1	-	0.3	0.3
2059-2063	1.7	1.6	1.9	3.5
Total	$ 131.1	$ 341.8	$ 184.2	$ 526.0

Leases at June 30, 2013 are reported by the State of Alaska within Governmental Activities and Business-Type Activities, as applicable.

The State leases office facilities, office and computer equipment, and other assets under a variety of agreements. Although lease terms vary, most leases are subject to appropriation from the State Legislature to continue the obligation. If the possibility of receiving no funding from the Legislature is remote, leases are considered noncancelable for financial reporting purposes. Leases that represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial records at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

Buildings and equipment under capital leases as of June 30, 2013 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	$ 462,984	$ -
Equipment	8,871	-
Less: Accumulated Depreciation	(76,309)	-
	$ 395,546	$ -

D. CERTIFICATES OF PARTICIPATION

The State has lease purchase agreements funded through certificates of participation (COPs). These leases are for the purchase of buildings. Third-party leasing companies assigned their interest in the lease to underwriters, which issued certificates for the funding of these obligations. The COPs represent an ownership interest of the certificate holder in a lease purchase agreement. While the State is liable for lease payments to the underwriters, the State is not liable for payments to holders of the certificates.

The following schedule presents future minimum payments as of June 30, 2013 (in millions):

Governmental Activities	Certificates of Participation		
Year Ending June 30	Principal	Interest	Total
2014	$ 1.6	$ 0.2	$ 1.8
2015	1.6	0.2	1.8
2016	1.7	0.1	1.8
Total	$ 4.9	$ 0.5	$ 5.4

E. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2014	$ 201.8	$ 151.0	$ 352.8
2015	183.9	144.6	328.5
2016	186.9	137.6	324.5
2017	192.7	130.7	323.4
2018	191.1	123.4	314.5
2019-2023	880.0	507.9	1,387.9
2024-2028	693.4	345.1	1,038.5
2029-2033	636.0	196.5	832.5
2034-2038	433.9	85.5	519.4
2039-2043	324.3	18.4	342.7
2044-2048	11.6	1.5	13.1
Total debt service requirements	3,935.6	$ 1,842.2	$ 5,777.8
Unamortized (discounts)/premiums	40.0		
Unamortized swap termination penalty	(15.0)		
Deferred amount on refunding	(19.4)		
Total principal outstanding	$ 3,941.2		

The preceding table does not include $1,141 thousand of Alaska Energy Authority arbitrage interest payable.

F. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

The Alaska Housing Finance Corporations (AHFC) entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. AHFC's derivatives consist of interest rate swap agreements entered into in connection with its long-term variable rate bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what AHFC would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Assets, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by AHFC, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

AHFC's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, AHFC would have to post collateral of up to 100 percent of the swaps' fair value. As of June 30, 2013, AHFC has not posted any collateral and is not required to post any collateral.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2013, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating [7]
GP01A [1]	12/1/2008	2.4530%	67% of 1M LIBOR [4]	12/1/2030	A+/Aa3
GP01B	8/2/2001	4.1427%	67% of 1M LIBOR	12/1/2030	AAA/Aa3
E021A1 [2]	10/9/2008	2.9800%	70% of 3M LIBOR [5]	6/1/2032	AAA/Aa1
E021A2	10/9/2008	3.4480%	70% of 1M LIBOR	12/1/2036	AAA/Aa3
SC02C [3]	12/5/2002	4.3030%	SIFMA[6] +0.115%	7/1/2022	A+/Aa1
E071AB	5/31/2007	3.7345%	70% of 3M LIBOR	12/1/2041	AAA/Aa1
E071BD	5/31/2007	3.7200%	70% of 3M LIBOR	12/1/2041	A+/Aa1
E091A	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	A/A1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AAA/Aa1
E091ABD	5/28/2009	3.7400%	70% of 3M LIBOR	12/1/2040	A+/Aa1

[1] Governmental Purpose Bonds
[2] Home Mortgage Revenue Bonds
[3] State Capital Project Bonds
[4] London Interbank Offered Rate 1 month
[5] London Interbank Offered Rate 3 month
[6] Securities Industry and Financial Markets Municipal Swap Index
[7] Standard & Poor's/Moody's

The change in fair value and ending balance of AHFC's hedging derivatives as of June 30, 2013, is shown below (in thousands). The fair value is reported as a deferred outflow/inflow of resources in the Statement of Net Position.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2013	Fair Values June 30, 2012	Change in Fair Values
GP01A	$ 55,705	$ 58,793	$ (3,088)	$ (6,419)	$ 3,331
GP01B	68,075	81,828	(13,753)	(19,306)	5,553
E021A1	43,255	47,361	(4,106)	(7,397)	3,291
E021A2	77,240	82,251	(5,011)	(8,764)	3,753
SC02C	55,610	62,712	(7,102)	(9,689)	2,587
E071AB	143,622	174,084	(30,462)	(48,522)	18,060
E071BD	95,748	115,704	(19,956)	(31,966)	12,010
E091A	72,789	88,750	(15,961)	(25,233)	9,272
E091B	72,789	88,682	(15,893)	(25,267)	9,374
E091ABD	97,052	117,790	(20,738)	(33,194)	12,456
Total	$ 781,885	$ 917,955	$ (136,070)	$ (215,757)	$ 79,687

As of June 30, 2013, debt service requirements of AHFC's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Year Ending June 30	Outstanding Variable-Rate Debt Principal	Outstanding Variable-Rate Debt Interest	Swap Net Payment	Total Payment
2014	$ 12,645	$ 788	$ 27,073	$ 40,506
2015	13,175	782	26,620	40,577
2016	13,745	775	26,148	40,668
2017	16,765	767	25,655	43,187
2018	20,040	752	25,011	45,803
2019-2023	137,120	3,447	112,306	252,873
2024-2028	150,400	2,806	87,243	240,449
2029-2033	161,830	2,040	59,850	223,720
2034-2038	158,930	1,171	32,518	192,619
2039-2043	97,235	257	6,252	103,744
	$ 781,885	$ 13,585	$ 428,676	$ 1,224,146

Interest Rate Risk

AHFC is exposed to interest rate risk on all of its interest rate swaps. As the London Interbank Offered Rate (LIBOR) or the Securities Industry and Financial Markets Association (SIFMA) index decreases, AHFC's net payment on the swaps increases.

Credit Risk

As of June 30, 2013, AHFC is not exposed to credit risk on any of the swaps because the swaps all have negative fair values. If interest rates rise and the fair value of the swaps becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. AHFC currently has swap agreements with five separate counterparties. Approximately 33 percent of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 32 percent of the total notional amount of the swaps is held with one counterparty rated A+/Aa1. Of the remaining swaps, one counterparty is rated AAA/Aa3, another counterparty is rated A/A1, and the remaining counterparty is rated A+/Aa3, approximating 19 percent, 9 percent, and 7 percent respectively, of the total notional amount of the swaps.

Basis Risk

All of AHFC's variable-rate bond interest payments are based on the tax exempt SIFMA index. Therefore, AHFC is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2013, SIFMA was 0.06 percent and 1 month LIBOR was 0.19535 percent, resulting in a SIFMA/LIBOR ratio of 30.7 percent. The 3 month LIBOR was 0.2756 percent resulting in a SIFMA/LIBOR ratio of 21.8 percent. The SIFMA/LIBOR ratios have fluctuated since the agreements became effective but the anticipated cost savings from the swaps increases as the ratios decrease.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and AHFC would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, AHFC would be liable to the counterparty for payments equal to the swaps' fair value. AHFC or the

counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in AHFC making termination payments totaling $22,181 thousand to the counterparties. AHFC replaced the swaps with new swaps that had provisions that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps. An additional payment of $150 thousand was made to a former counterparty in fiscal year 2013 as settlement of any and all claims relating to that counterparty's swap termination. This payment was expensed as insurance and financing expense in fiscal year 2013.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. AHFC has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

INVESTMENT DERIVATIVES

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap was no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of AHFC's investment derivatives as of June 30, 2013, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating
SC02B	12/5/2002	3.77%	70% of 1M LIBOR	7/1/2024	A+/Aa1

The change in fair value of the investment derivatives as of June 30, 2013, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2013	Fair Values June 30, 2012	Change in Fair Values
SC02B	$ 14,555	$ 17,120	$ (2,565)	$ (3,723)	$ 1,158

Credit Risk

As of June 30, 2013, AHFC was not exposed to credit risk on this outstanding swap because the swap had a negative fair value. If interest rates rise and the fair value of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreement requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated A+/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees' Retirement System – Defined Benefit (PERS-DB)

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for eligible State and local government employees. Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by the state legislature. PERS-DB provides for normal pension benefits and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the PERS-DB to new members effective July 1, 2006 and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DCR). Information regarding PERS-DCR is disclosed in Note 8.

Prior to July 1, 2008, PERS was a defined benefit, agent, multiple-employer public employee retirement plan. The Alaska Legislature passed Senate Bill 125, which was signed by the Governor on April 2, 2008. This law converted the PERS to a cost-sharing plan under which the unfunded liability will be shared among all employers. This legislation also established a uniform contribution rate of 22 percent of participating employees' covered payroll.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, the Teacher's Retirement System – Defined Benefit (TRS-DB), the Judicial Retirement System (JRS) and the Elected Public Officers Retirement System (EPORS) Plans. Due to the establishment of the Alaska Retiree Healthcare Trust (ARHCT) effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The PERS-DB Plan is a plan within the Public Employees' Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. PERS includes the PERS-DB and ARHCT. Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The PERS component unit is comprised of the PERS-DB, PERS-DCR Plans, and the ARHCT. PERS issues a separate stand-alone financial report that includes financial statements and required supplementary information. PERS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2013 the number of PERS participating employers was:

State of Alaska	3
Municipalities	77
School Districts	53
Other	26
Total Employers	159

PERS-DB employee contribution rates are 6.75 percent of compensation (7.5 percent for peace officers and firefighters and 9.6 percent for some school district employees). The employee contributions are deducted before federal income tax is withheld.

The PERS-DB funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment

healthcare benefits when due. Employer contributions are accumulated in both the pension and the healthcare funds based on the approved contribution rate for the fiscal year. The employer rate for the State of Alaska for the year ended June 30, 2013 was capped at 22 percent of compensation.

The state's contributions to PERS-DB for the fiscal years ended June 30, 2013, 2012 and 2011 were $244.9, $201.2, and $237.7 million respectively for the year. For the FY 13 contributions, $107.4 million was for pensions and $137.5 million was for postemployment benefits. The contributions were equal to the required contributions in FY 13.

Alaska Statute 39.35.280 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the PERS-DB past service liability at the contribution rate adopted by the Alaska Retirement Management Board (ARMB) for that fiscal year.

Chapter 15 SLA 2012 appropriated $307.3 million from the General Fund to the PERS-DB as an additional state contribution for FY 13. The portion of this payment attributable to State of Alaska employers is $181,818 thousand, of which $97,084 thousand is for pensions and $84,735 thousand is for postemployment benefits.

Postemployment healthcare benefits are provided to retirees without cost for all employees first hired before July 1, 1986, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired on or after July 1, 1986, with five years of credited service (or ten years of credited service for those first hired after July 1, 1996) may pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits. Police and fire employees with 25 years of membership and all other employees with 30 years of membership service also receive benefits at no premium cost.

The Schedule of Required Contributions follows (in thousands):

		Annual required contributions				
Year ended June 30	Acturial valuation year ended June 30	Pension	Postemployment healthcare	Total	Pension percentage contributed	Postemployment healthcare percentage contributed
2010	2007	$ 217,080	$ 790,793	$ 1,007,873	86.0%	86.4%
2011	2008	220,419	525,075	745,494	92.7%	71.4%
2012	2009	351,674	498,433	850,107	89.2%	73.6%

The Teachers' Retirement System – Defined Benefit (TRS-DB)

TRS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for teachers and other eligible participants. Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 14 and may be amended only by the state legislature. TRS-DB provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the TRS-DB to new members effective July 1, 2006 and created a Teachers' Retirement System Defined Contribution Retirement Plan (TRS-DCR). Information regarding TRS-DCR is disclosed in Note 8.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the RHF, a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the ARHCT effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The TRS-DB Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. TRS includes the TRS-DB and the ARHCT Fund. Senate Bill 123 was passed during the 2007 legislative session and created the ARHCT. ARHCT is self-funded and provides major medical coverage to retirees of TRS.

TRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The TRS component unit is comprised of the TRS-DB, TRS-DCR Plans, and ARHCT. TRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. TRS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2013 the number of participating employers was:

State of Alaska	2
School Districts	53
Other	3
Total Employers	58

TRS-DB Plan members contribute 8.65 percent of their base salary, as required by statute. The employee contributions are deducted before federal income tax is withheld. Eligible employees contribute an additional 1.11 percent of their salary under the supplemental contribution provision.

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percent of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2013 was 12.56 percent of compensation. Employer contributions are accumulated in both the pension and healthcare funds based on the approved contribution rate for the fiscal year.

The state's contributions to TRS-DB for the fiscal years ended June 30, 2013, 2012, and 2011 were $5.3, $5.7, and $6.0, million respectively, equal to the required contributions for each year. For the FY 13 contributions, $2.7 million was for pensions and $2.6 million was for postemployment benefits. The contributions were equal to the required contributions in FY 13.

Alaska Statute 14.25.085 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the TRS-DB past service liability at the contribution rate adopted by the ARMB for that fiscal year.

Chapter 15 SLA 2012 appropriated $302.8 million from the General Fund to the TRS-DB as an additional state contribution for FY 13. The portion of this payment attributable to State of Alaska employers is $18,549 thousand, of which $12,066 thousand is for pensions and $6,484 thousand is for postemployment benefits.

Postemployment healthcare benefits are provided without cost to all employees first hired before July 1, 1990, employees hired after July 1, 1990 with 25 years of membership service, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired after June 30, 1990, may receive postemployment healthcare benefits prior to age 60 by paying premiums.

The Schedule of Required Contributions follows (in thousands):

		Annual required contributions				
Year ended June 30	Acturial valuation year ended June 30	Pension	Postemployment healthcare	Total	Pension percentage contributed	Postemployment healthcare percentage contributed
2010	2007	$170,788	$ 312,922	$483,710	78.6%	52.4%
2011	2008	167,978	167,686	335,664	84.6%	77.3%
2012	2009	229,509	192,700	422,209	85.2%	65.4%

The Judicial Retirement System (JRS)

JRS is a defined benefit, single-employer retirement system established and administered by the State to provide pension and postemployment healthcare benefits for eligible state judges and justices.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the RHF, a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the ARHCT effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Senate Bill 123 was passed during the 2007 legislative session and which created the ARHCT beginning July 1, 2007. The ARHCT is self-funded and provides major medical coverage to retirees of the JRS. JRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

JRS is considered a component unit of the State of Alaska financial reporting entity. JRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. JRS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 22 and may be amended only by the state legislature. JRS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits.

Members contribute seven percent of their compensation to JRS. The contributions are deducted before federal income tax is withheld. Contributions are not required after members have made contributions for 15 years, or from members first appointed before July 1, 1978.

The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2012, was 69.48 percent of compensation. Total contributions for FY 13 were $8 million for pensions, and $1 million for postemployment benefits.

The Schedule of Required Contributions follows (in thousands):

		Annual required contributions				
Year ended June 30	Acturial valuation year ended June 30	Pension	Postemployment healthcare	Total	Pension percentage contributed	Postemployment healthcare percentage contributed
2010	2010	$ 5,236	$ 1,433	$ 6,669	69.8%	60.9%
2011	2012	3,896	723	4,619	98.5%	80.1%
2012	2012	5,052	713	5,765	107.3%	97.8%

Included in the total contributions amounts above is $3.8 million appropriated in Chapter 15 SLA 2012 from the General Fund to JRS as an additional state contribution for FY 13 for the purpose of funding the retirement system.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio	Covered Payroll	FE/(UAAL) as a Percentage of Covered Payroll
2008	$ 122,883	$ 130,596	$ (7,713)	94.1%	$ 10,462	(73.7%)
2010	115,000	164,524	(49,524)	69.9%	11,846	(418.1%)
2012	112,870	182,267	(69,397)	61.9%	11,803	(588.0%)

Postemployment healthcare benefits are provided without cost to retired JRS members. The Schedule of Funding Progress for postemployment healthcare benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio	Covered Payroll	FE/(UAAL) as a Percentage of Covered Payroll
2008	$ 18,353	$ 19,941	$ (1,588)	92.0%	$ 10,462	(15.2%)
2010	19,694	22,346	(2,652)	88.1%	11,846	(22.4%)
2012	20,836	18,236	2,600	114.3%	11,803	22.0%

The actuarial valuation as of June 30, 2012 set the contribution rates for the year ended June 30, 2013. The State of Alaska's net pension and other postemployment benefit (OPEB) obligations for FY 13 follows (in thousands):

	Pension	OPEB
Annual Required Contribution	$ 5,052	$ 713
Interest on net pension asset	17	(26)
Adjustment to annual required contribution	(15)	23
Annual Pension Cost (APC)/OPEB Cost (AOC)	5,054	710
Contributions Made	(7,760)	(1,169)
Increase in Obligation	(2,706)	(459)
Net Pension Obligation/(Asset) Beginning of Year	212	(326)
Net Pension Obligation/(Asset) End of the Year	$ (2,494)	$ (785)

Three year trend information for these obligations follows (in thousands):

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2011	$ 5,246	85.0%	$ 1,541
	2012	5,255	96.0%	1,751
	2013	5,054	153.5%	(5,494)

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	Net OPEB Obligation /(Asset)
	2011	$ 1,432	49.4%	$ 642
	2012	1,441	67.5%	1,110
	2013	710	164.7%	(785)

The Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS)

NGNMRS is a defined benefit, single-employer retirement system established and administered by the State to provide pension benefits for eligible members of the Alaska National Guard and Alaska Naval Militia.

NGNMRS is considered a component unit of the State of Alaska financial reporting entity. NGNMRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. The plan is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 5 of Alaska Statute Title 26 and may be amended only by the state legislature. NGNMRS provides for normal pension benefits and death benefits. Postemployment healthcare benefits are not provided.

No contributions are required from plan members. NGNMRS's funding policy provides for periodic contributions by Alaska Department of Military and Veterans' Affairs at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. State contributions are determined using the entry age normal actuarial funding method.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio
2008	$ 28,371	$ 28,905	$ (534)	98.2%
2010	32,001	30,034	1,966	106.5%
2012	33,682	32,771	911	102.8%

The actuarial valuation as of June 30, 2012 set the contribution rates for the year ended June 30, 2015. The State of Alaska's net pension obligation for FY 13 follows:

Annual Required Contribution	$	431,367
Interest on net pension asset		(11,126)
Adjustment to annual required contribution		24,877
Annual Pension Cost (APC)		445,118
Contributions Made		(739,100)
Decrease in Net Pension Asset		(293,982)
Net Pension Obligation/(Asset) Beginning of Year		(158,948)
Net Pension Obligation/(Asset) End of the Year	$	(452,930)

Three year trend information for pension obligations follows (in thousands):

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
2011	$ 965	100.0%	$ (174)
2012	896	100.0%	(159)
2013	431	171.3%	(453)

The Elected Public Officers Retirement System (EPORS)

EPORS is a defined benefit single-employer retirement plan administered by the State to provide pension and post-employment healthcare benefits to the governor, the lieutenant governor, and all legislators that participated in the System between January 1, 1976, and October 14, 1976. EPORS is funded by both employee contributions and an annual

appropriation from the state General Fund. Retirement benefits are based on the member's years of service and the current salary for the position from which they retired or an average of the three highest consecutive years' salaries. The pension benefit is equal to five percent for each year of service as governor, lieutenant governor, or a legislator, plus two percent for other covered service, not to exceed 75 percent (AS 39.37.050). The plan also provides death and disability benefits.

Plan members contribute seven percent of their compensation to EPORS. Employee contributions earn interest at 4.5 percent per annum, compounded semiannually. The remaining amount required to pay EPORS benefits is funded by legislative appropriation. The cost to the State for EPORS for the fiscal years ended June 30, 2013, 2012, and 2011 was $2.0 million per year. In FY13 there was no covered payroll. EPORS is a closed plan and no separate financial statement is issued for EPORS. However, an actuarial valuation on EPORS was performed as of June 30, 2012.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year ` June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio
2008	$0	$22,194	$(22,194)	0.0%
2010	0	19,551	(19,551)	0.0%
2012	0	18,221	(18,221)	0.0%

The Schedule of Funding Progress for postemployment healthcare benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio
2008	$0	$5,168	$(5,168)	0.0%
2010	0	4,707	(4,707)	0.0%
2012	0	4,353	(4,353)	0.0%

Plan benefits for EPORS are not prefunded, but are paid when due. Enough money has been appropriated each year to pay the benefits as they come due; therefore, there is no net pension obligation at the end of the year.

Three year trend information for these obligations follows (in thousands):

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2011	$ 1,510	100.0%	$ -
	2012	1,501	100.0%	-
	2013	1,505	100.0%	-

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	OPEB Obligation /(Asset)
	2011	$ 483	100.0%	$ -
	2012	505	100.0%	-
	2013	522	100.0%	-

ASSET VALUATION

See Note 4 for information on pension funds' deposits and investments risk categories. The table below discloses the fair value of each pension plan's cash and investments. All amounts are in thousands.

Systems	Fair Value
Public Employees' Retirement System	$12,551,625
Teachers' Retirement System	5,163,183
Judicial Retirement System	141,264
Alaska National Guard and Alaska Naval Militia Retirement System	34,141

PLAN MEMBERSHIPS

The table below includes the plan membership counts. For PERS, TRS and JRS, the counts are from the notes to the separately issued financial statements for the various plans. NGNMRS and EPORS are as of the most recent valuation report date.

	PERS	TRS	JRS	NGNMRS	EPORS
	6/30/12	6/30/12	6/30/12	6/30/12	6/30/12
Retirees & beneficiaries receiving benefits & Terminated members with future benefits	34,834	12,169	113	1,916	37
Current active employees:					
Vested	20,842	5,918	43	*	-
Nonvested	1,888	927	26	4,397	-
Total	57,564	19,014	182	6,313	37

* A breakdown of active employees between vested and nonvested was not available for NGNMRS.

FUNDING STATUS AND PROGRESS

Actuarial Method and Assumptions

The objective under the entry age normal actuarial funding method is to fund each participant's benefits under the Plan as a level percentage of covered compensation, starting at original participation date, and continuing until the assumed retirement, disability, termination, or death. On introduction, this method produces a liability which represents the contributions which would have been accumulated had this method always been in effect. This liability is generally funded over a period of years as a level percentage of compensation. This component is known as the Amortization Cost Percentage. The total employer appropriation cost of the system is the total of the Normal Cost Percentage and the Amortization Cost Percentage.

The following main assumptions were used in the actuarial valuation.

System	Investment Rate of Return	Actuarial Cost Method	Amortization Method	Equivalent Single Amorization Period	Salary Scale Increase	Valuation Date
PERS	8% Includes Inflation at 3.12%	Entry age normal; level percentage of pay for pension; level dollar for healthcare	Level dollar, closed	18 years	Peace Officer/Firefighter: Merit –2.75% per year for the first 4 years of employment, grading down to 0.5% at 7 years and thereafter. Productivity – 0.5% per year. Others: Merit – 6.00% per year grading down to 2.00% after 5 years; for more than 6 years of services, 1.50% granding down to 0% Productivity – 0.5% per year.	6/30/2012
TRS	8% Includes Inflation at 3.12%	Entry age normal; level percentage of pay for pension; level dollar for healthcare	Level dollar, closed	18 years	6.11% for first 5 years of service grading down to 3.62% after 20 years	6/30/2012
JRS	8% Includes Inflation at 3.12%	Entry age normal; level percentage of pay for pension; level dollar for healthcare	Level dollar, closed	20 years	4.12%	6/30/2012
NGNMR	7% Includes Inflation at 3.12%	Entry age normal	Level dollar, open	20 years less average military service of active members	None	6/30/2012
EPORS	4.75% Includes Inflation at 3.12%	Entry age	Level dollar basis	25 years	None	6/30/2012

		Health Care Inflation		
		Medical Pre-65	Medical Post-65	Rx
For all systems above:	FY13	9.00%	6.50%	6.40%
	FY14	8.70%	6.40%	6.30%

For PERS assets are at fair value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. For TRS, and JRS assets are at market value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. Valuation assets cannot be outside a range of 80 to 120 percent of the fair value of assets. NGNMRS and JRS assets valuation was changed from using the market value of assets without smoothing of gains and losses to a five year smoothing asset valuation method. This method is being phased in over five years with the first phase-in recognized during FY 07.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial report purposes are based on the substantive plan and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

B. NON-STATE ADMINISTERED PLANS

THE MARINE ENGINEERS' BENEFICIAL ASSOCIATION (MEBA) PENSION PLAN

The MEBA plan is a defined benefit pension plan administered by MEBA for its members. Engineer Officers of the Alaska Marine Highway System participate in this program and the State contributes an amount (set by union contract) for each employee. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed $2,335.2 thousand in FY 13.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees' Retirement System – Defined Contribution Retirement Plan (PERS-DCR)

PERS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for eligible state and local government employees. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created PERS-DCR effective July 1, 2006. The PERS-DCR Plan savings are accumulated in an individual retirement account for exclusive benefit of the members or beneficiaries.

The PERS-DCR Plan is a plan within the Public Employees' Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. The PERS component unit is comprised of the PERS-DB (see note 7), PERS-DCR Plans, and the PERS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupational Death and Disability. PERS is reported as a pension (and other employee benefit) trust fund by the State. PERS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2013, there were 159 employers participating in PERS-DCR. There were four retirees or beneficiaries currently receiving benefits, 1,132 terminated plan members entitled to future benefits, and 14,637 active members, of which 13,516 are general employees and 1,121 are peace officers and firefighters.

PERS-DCR pension contribution rates are eight percent for PERS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to five percent of the member's compensation. Participant accounts under the PERS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, three pension trust sub-funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. PERS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 13 for each member's compensation was 0.48 percent for medical coverage and 0.20 percent for death and disability (1.14 percent for peace officers and firefighters). HRA is $158.06 per month for full time employees and $1.22 per hour for part time employees.

The PERS pension contributions for the year ended June 30, 2013 by the employees were $29,809 thousand and the State of Alaska employers were $18,631 thousand. The PERS other postemployment contributions for the year ended June 30, 2013 were $14,471 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR cash and investments as of June 30, 2013 is $492,416 thousand. PERS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by PERS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

The Teachers' Retirement System – Defined Contribution Retirement Plan (TRS-DCR)

TRS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for teachers and other eligible members. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created TRS-DCR effective July 1, 2006. TRS-DCR Plan savings are accumulated by an individual retirement account for exclusive benefit of the members or beneficiaries.

The TRS-DCR Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. The TRS component unit is comprised of the TRS-DB (see Note 7), TRS-DCR Plans, TRS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupation Death and Disability. TRS is reported as a pension (and other employee benefit) trust fund by the State. TRS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2013, there were 58 employers participating in TRS-DCR. There were no retirees or beneficiaries currently receiving benefits, 829 terminated plan members entitled to future benefits, and 3,376 active members.

TRS-DCR pension contribution rates are eight percent for TRS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to seven percent of the member's compensation. Participant accounts under the TRS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, two pension trust sub-funds were created in TRS, the RMP and HRA. The TRS OD&D trust sub-fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. TRS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP

contribution rate for FY 13 for each member's compensation was 0.47 percent for medical coverage, zero percent for death and disability. HRA is $158.06 per month for full-time employees and $1.22 per hour for part-time employees.

The TRS pension contributions for the year ended June 30, 2013 by the employees were $522 thousand and the State of Alaska employers were $456 thousand. The TRS other postemployment contributions for the year ended June 30, 2013 were $233 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR cash and investments as of June 30, 2013 is $201,753 thousand. TRS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by TRS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

Supplemental Benefits System

In addition to the pension plans (Note 7) and deferred compensation plan (Note 9), all state employees, as well as employees of political subdivisions which have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Plan. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All State employees, who would have participated in Social Security if the State had not withdrawn, participate in SBS. Other employers whose employees participate in the State Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of January 31, 2013, there were twenty-one other employers participating in SBS. There were 41,494 participants in the Plan.

The Division of Retirement and Benefits is responsible for administration and record keeping. Through September 30, 2005, the Alaska State Pension Investment Board (ASPIB) was responsible for the specific investment of monies in SBS. Effective October 1, 2005, ASPIB was disbanded and their duties were assumed by the Alaska Retirement Management Board.

SBS is considered a component unit of the State financial reporting entity. SBS issues a separate stand-alone financial report that includes financial statements and required supplementary information, and SBS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Mandatory contributions are made to the Supplemental Annuity Plan and voluntary contributions to the Supplemental Benefits Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State is required to contribute 12.26 percent of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf. The State's mandatory contributions for the year ending January 31, 2013, were $142,862 thousand. The State's covered payroll was approximately $1,165,271 thousand.

Supplemental Benefit Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS on the employee's behalf. State employee voluntary contributions for the year ending January 31, 2013, were $3,426 thousand.

Employees are eligible to withdraw from the Supplemental Annuity Plan 60 days after termination. Benefits are payable in the form of a lump sum annuity or one of various continuing annuities purchased from an insurance carrier, which are excluded from Plan assets. The SBS administrator issues lump-sum payments through its contracted record keeper.

Benefits available under the Supplemental Benefits Plan include death, disability, survivor benefits, and dependent care reimbursement. Selection of these benefits is at the discretion of the employee, with certain restrictions, and may be amended and/or changed on an annual basis or in conjunction with an employee change in status. All other supplemental benefits, except dependent care reimbursement, are provided through insurance policies. The State administers the Dependent Care Assistance Program.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended January 31, 2013. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how contributions are allocated among the investment options. Each participant's account is credited with the contributions, the increase or decrease in unit value for the investment funds, and reduced for administrative fees.

B. NON-STATE ADMINISTERED PLANS

THE NORTHWEST MARINE RETIREMENT TRUST (NMRT)

NMRT is an agent multiple-employer pension plan with defined contributions and is administered by the Pacific Northwest Marine Retirement Trust. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed $1,229 thousand in FY 13.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan was created by Alaska statutes. It is a deferred compensation plan under Section 457 of the Internal Revenue Code. It is available to all permanent and long-term non-permanent employees, and elected officials of the State (and with the March 1, 2006 amendment, members of State of Alaska boards and commissions) who have completed a pay period of employment. Participants authorize the State to reduce their current salary so that they can receive the amount deferred at a later date. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. As of December 31, 2012 the Deferred Compensation Plan had approximately 10,100 participants.

As a result of the passage of The Small Business Job Protection Act of 1996 (SBJPA), all amounts deferred, including amounts deferred before the effective date of the law, under an eligible 457 plan must be held in a trust for the exclusive benefit of employees and beneficiaries. This law repealed the requirement that a Section 457 plan sponsored by a government be solely the property of the employer, subject only to the claims of the employer's general creditors. The trust requirement generally applies to assets and income held by a plan on and after the date of enactment of the SBJPA. The Plan Document for the State of Alaska Deferred Compensation Plan was amended to recognize and establish the trust requirement for the Deferred Compensation Plan.

The Division of Retirement and Benefits is responsible for Deferred Compensation Plan administration and record-keeping. The Alaska Retirement Management Board is responsible for the specific investment of monies in the Deferred Compensation Plan.

Participant accounts are self-directed with respect to investment options. Each participant designates how his or her contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the increase or decrease in unit value for the investment funds and deductions for administrative fees.

Deferred Compensation Plan net assets as of December 31, 2012 were $660,729 thousand. The Deferred Compensation Plan is reported in the accompanying financial statements as a pension (and other employee benefit) trust fund.

NOTE 10 – INTERFUND TRANSACTIONS

The following schedules summarize individual interfund receivable and payable balances at June 30, 2013, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

	Due from Other Funds						
Due to Other Funds	General Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ -	$ 5,858	$ 90	$ 934	$ 9,204	$ 25,440	$ 41,526
Alaska Permanent Fund	633,735	-	-	-	-	-	633,735
Nonmajor Governmental Funds	33,116	-	-	-	-	-	33,116
International Airports	62,564	186	-	-	-	-	62,750
Nonmajor Enterprise Funds	1,663	-	-	-	-	-	1,663
Internal Service Funds	1,002	-	-	-	-	-	1,002
Fiduciary Funds	15,591	-	-	-	-	4	15,595
Other	201	-	-	-	-	-	201
Total	$ 747,872	$ 6,044	$ 90	$ 934	$ 9,204	$ 25,444	$ 789,588

The $633 million balance due from the Alaska Permanent Fund to the General Fund includes $568.3 million for payment of 2013 Permanent Fund dividends to qualified residents of the State and $29.6 million to be transferred to the Alaska Capital Income Fund. The balance is for administrative and associated costs of the 2013 Permanent Fund Dividend Program.

The amounts reported as "Other" are for the SBS and DCP Funds. As explained in Note 1, the annual financial statements for SBS and DCP Funds are for fiscal years ended January 31, 2013 and December 31, 2012, respectively. Therefore, because of the different fiscal year-end of the SBS and DCP Funds, the total amount reported as due from other funds exceeds the total amount reported as due to other funds by $201 thousand.

INTERFUND TRANSFERS

	Transfers to						
Transfers From	General Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Other	Total
General Fund	$ -	$ 69,274	$ 4,252	$ 22,537	$15,689	$ -	$ 111,752
Alaska Permanent Fund	633,735	-	-	-	-	-	633,735
Nonmajor Governmental Funds	-	9,356	-	-	-	64	9,420
Nonmajor Enterprise Funds	3,662	-	-	-	-	-	3,662
Total	$ 637,397	$ 78,630	$ 4,252	$ 22,537	$15,689	$ 64	$ 758,569

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, to move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments come due, and transfer accumulated surpluses from "Other" funds to the General Fund.

The transfer from Alaska Permanent Fund to the General Fund includes a $568.3 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program and a $29.6 million transfer to the Alaska Capital Income Fund.

NOTE 11 – RELATED PARTY ACTIVITY

Pursuant to understanding and agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, personnel, data processing, communications and other services to AEA. AIDEA recognized revenue totaling $7,993 thousand for providing these services during the year ending June 30, 2013. At June 30, 2013 AIDEA had $3,538 thousand receivable from AEA for services and borrowings.

On September 30, 2010, pursuant to legislation and an agreement, AIDEA purchased 37 loans from AEA with an outstanding balance of $24,254 thousand, plus accrued interest, for $20,631 thousand. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default. The current loan outstanding balance at June 30, 2013 is $19,463 thousand.

Northern Tobacco Securitization Corporation (NTSC) entered into a memorandum of agreement with Alaska Housing Finance Corporation (AHFC) that retains AHFC as administrator with respect to the preparation of all reports and other instruments and documents that are required by NTSC to prepare, execute, file or deliver pursuant to the bond indentures and the related agreements for a monthly fee. NTSC also entered into a sub-lease agreement with AHFC for office space, overhead and operating services from AHFC for a monthly fee. The cost to NTSC for these services provided by AHFC for the year ended June 30, 2013 was approximately $9 thousand.

Alaska Gasline Development Corporation (AGDC) utilizes certain AHFC administrative and support services and products such as general commercial liability insurance and risk management, employee medical plans, accounting and financial systems and treasury, IS equipment and software, contract support and other administrative services. The total due to AHFC at June 30, 2013 was $707 thousand.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

The cost of state employee sick leave is charged against agency appropriations when leave is used rather than when leave is earned. There is no recorded liability for sick leave in the financial records of the State. Accordingly, the statements in this report do not include an estimate of this obligation as either a liability or a reserve.

The estimated amount of unused accumulated sick leave as of June 30, 2013, is $20,728 thousand. This amount was calculated using the base pay on file for each employee as of June 30, 2013. It does not include an estimate of the cost of fringe benefits (supplemental benefits, retirement, group insurance, etc.) which can vary depending on the status of the employee when leave is taken.

B. SCHOOL DEBT

Under a program enacted in 1970 (AS 14.11.100), the State may reimburse municipalities up to 60, 70, 80, 90, or 100 percent of debt service on bonds issued to finance school construction. The percentage depends on the year in which the costs are incurred. The 60 percent limitation, enacted in 2002, applies to fiscal years after June 30, 1999. The higher percentages apply to earlier years.

Although the statute provides that the State may reimburse school districts 60, 70, 80, 90, or 100 percent of construction costs, the actual funding for the program is dependent on annual legislative appropriations to the school construction account. When amounts in the account are insufficient, the available funds are allocated pro rata among the eligible school districts. There is no contractual commitment by the State to make these payments. The amount for FY 13 expended for school debt was $112,613 thousand, which was 100 percent of the entitlement. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately $1,124,496 thousand. The State has in the past and may in the future appropriate less than the full amount to which the municipalities are entitled under statute.

C. RISK MANAGEMENT AND SELF-INSURANCE

The State maintains a risk management program that is administered by the Department of Administration, Division of Risk Management. The Division of Risk Management's objective is to protect the financial assets and operations of the State of

Alaska from accidental loss through a comprehensive self-insurance program for normal and expected property and casualty claims of high frequency and low severity, combined with high-limit, broad-form excess insurance protection for catastrophic loss exposures.

Risk Management acts as the insurance carrier for each state agency, funding all sudden and accidental property and casualty claims. The annual premiums allocated by Risk Management are the maximum each agency is called upon to pay. This planning for known and catastrophic losses forestalls the need for the affected agency to request a supplemental appropriation or disrupt vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

By effectively managing the state's property and liability exposures through a comprehensive self-insurance program, Risk Management expends less public funds than would be paid to private insurance companies, while at the same time providing streamlined claims services utilizing professional adjusting firms located throughout Alaska.

Property insurance with all-risk (including earthquake and flood) coverage is provided on a replacement cost basis for all state-owned or leased property; buildings (including contents, museum fine arts, etc.), aircraft, watercraft (Alaska Marine Highway System ferries and other agency vessels).

Casualty coverages protect each state agency and their personnel from third-party civil (tort) liability claims alleged to have arisen from combined liability - general (premises/operations), automobile, professional (errors and omissions), medical malpractice, aviation (aircraft and airport), or marine (passenger injuries).

Additional specialty coverage include blanket public employee faithful performance and custom bonding, accidental death and disability (including medical expenses) for volunteers, computer fraud and foreign liability, etc. These insurance programs continually evolve, responding to new activities and special projects undertaken by each state agency. The State has not incurred a loss in excess of its insurance program.

In FY 13, the State completely self-insured all statutory workers' compensation claims, general (premises and operations) and professional liability, and automobile liability. The State had Self-Insured Retention (SIR) levels of $1 million per claim for property, $750,000 for marine risks, and $250,000 per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: $500 million per occurrence for marine, $200 million for property, and $500 million for aviation.

Both domestic and international insurance companies and various Lloyd's of London underwriting syndicates participate in the State of Alaska's excess insurance program. Independent brokers provide marketing. The State obtains an annual independent actuarial assessment of the state insurance program as required by AS 37.05.287(b) which calculates unfunded claims and allocated loss adjustment expenses (ALAE).

An unconstrained audit of the State of Alaska's overall property and casualty insurance program performed by an independent risk management consultant found the retention levels and excess insurance coverage purchased are appropriate.

Risk Management's budget is funded entirely through interagency receipts annually billed to each agency through a "Cost of Risk" premium allocation system. The Risk Management information system generates the annual cost of risk allocation to each agency, reflecting their proportionate share of the State's overall cost of risk. Designed to achieve equitable distribution of the self-insurance program costs, it factors exposure values subject to loss and considers the past five years actual claims experience incurred by each department.

For most cost of risk allocations, 80 percent of the premium billing is based on the average of the past five years actual claims experience. This provides a direct fiscal incentive to each agency to reduce or control their claim costs.

The program compiles a property inventory schedule of all owned or leased buildings used or occupied by state agencies, listing age and type of building construction, occupancy, fire protection services and sprinkler systems, and projected replacement cost value. Individual premiums are then determined and, in cases of multiple occupancy, allocated to each department on the basis of their square foot use.

The "Cost of Risk" premium is collected through two methods from individual state agency operating budgets. Reimbursable Services Agreements (RSAs) are used for all categories of insurance other than Workers' Compensation and Combined

Liability (general, auto, and professional), which are assessed on a rate per $100 payroll applied monthly to each agency's actual payroll until the allocated premium is paid.

The table below presents changes in policy claim liabilities for the fiscal years ending June 30, 2012 and June 30, 2013. The State records its related liability using discounted amounts provided by actuaries. The amount of unpaid claim liabilities for Risk Management are presented at their present value using a 3.0 percent discount interest rate for FY 12 and a 3.0 percent discount interest rate for FY 13. Claims payment amounts include allocated loss adjustment expenses (legal and adjusting).

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2012	$ 72,467,020	$ 54,545,742	$ (34,565,411)	$ 92,447,351
2013	92,447,351	47,239,404	(36,801,179)	102,885,576

D. LITIGATION

The State is involved in a number of legal actions. The Department of Law estimates the probable maximum liability for the cases associated with the governmental fund types to be approximately $7,423 thousand, with an additional possible liability of $13,663 thousand. The probable loss amount has been reported as long-term debt obligations.

The amount of revenue recognized by the Northern Tobacco Securitization Corporation could be adversely impacted by certain third party litigation involving tobacco companies and others.

E. FEDERAL GRANTS

The State has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material.

F. DISASTER RELIEF FUND

The State may be liable to reimburse communities for expenditures related to disasters in excess of the amount allocated by the State.

G. FUTURE LOAN COMMITMENTS

As of June 30, 2013, the Alaska Clean Water and the Alaska Drinking Water Funds are committed to funding loans for which they have entered into agreements for communities but funds have not yet been disbursed. The total amounts to be disbursed under these agreements is uncertain as not all of the loans are expected to be fully drawn and some loans may increase with changes in scope of the underlying projects; accordingly, they are not included in the financial statements for these funds. As of June 30, 2013, the Alaska Clean Water and the Alaska Drinking Water Funds have entered into binding commitments, as evidenced by signed loan agreements, for which funds remain to be disbursed totaling $104,359 thousand and $38,302 thousand respectively.

As of June 30, 2013, the Department of Commerce, Community and Economic Development, Division of Investment, identified outstanding loan commitments. Agreements have been entered into, yet funds have not yet been disbursed. The open loan commitments include the Alaska Commercial Fishing Revolving Loan Fund for $1,820 thousand, the Alaska Fisheries Enhancement Revolving Loan Fund for $535 thousand, and the Alaska Bulk Fuel Loan Program for $783 thousand.

At June 30, 2013, the Alaska Energy Authority had open loan commitments of $1,374 thousand.

At June 30, 2013, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan participation purchase commitments of $7,496 thousand and loan guarantees of $1,265 thousand.

In addition, AIDEA has legislative authorization to guarantee loans made to the Alaska Insurance Guarantee Association (AIGA). The AIGA pays, from assessments to member insurers, the claims of insurance companies put into liquidation by insurance regulators. Any guarantee is limited to loans necessary to make the AIGA financially able to meet cash flow needs up to a maximum outstanding principal balance at any time of $30 million. No loans have been made pursuant to this authorization.

H. POTENTIAL DEVELOPMENT PROJECTS

During 2013 AIDEA became the project sponsor for two potential infrastructure projects, the Interior Energy Project (IEP) and the Ambler road. Later in 2013 the State Legislature re-appropriated $57.5 million from the initial Sustainable Energy Transmission and Supply Development Fund to the IEP. During the 2013 legislative session, AIDEA was given authorization to provide financing up to a principal amount of $275 million for the development, construction, and installation of, and the start-up costs of operation and maintenance for, a liquefied natural gas production system and affiliated infrastructure on the North Slope and a natural gas distribution system and affiliated infrastructure in Interior Alaska. The authority is currently evaluating the feasibility of both projects.

The Alaska Gasline Development Corporation entered into an agreement where $4,658 thousand would become due and payable when (a) the State awards permits, work product, and other results of the North Slope to Tidewater Preliminary Development Project to a Qualified Builder (other than a public corporation owned by the State); or (b) the State determined it will construct the North Slope to Tidewater pipeline itself, either through a public corporation owned by the State or otherwise, and (i) the Legislature of the State of Alaska appropriates some or all of the funding for the North Slope to Tidewater Development and Construction Expenses, or (ii) bonds are issued by the State or a public corporation owned by the State intended to finance some or all of the North Slope to Tidewater Development and Construction Expenses.

I. INVESTMENT COMMITMENTS

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future investments.

	Amounts in thousands			
Investment Type/Term	PERS	TRS	JRS	NMRS
Domestic Equity Limited Partnerships				
Withdrawn annually in December with 90-days notice.	$ 5,988	$ 2,457	$ 67	$ 13
Private Equity				
To be paid through 2023.	550,291	225,778	6,133	-
To be paid through 2019.	-	-	-	-
Energy				
To be paid through 2022.	80,140	32,881	893	-
Real Estate				
To be paid through 2015.	61,273	24,387	621	-
	$697,692	$285,503	$ 7,714	$ 13

J. POLLUTION REMEDIATION

Governmental Accounting Standards Board Statement (GASBS) 49 provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the state to search for pollution, it does require the state to reasonably estimate and report a remediation liability when an obligating event occurs.

The State has the knowledge and expertise to estimate the remediation obligations presented in the statements based on prior experience in identifying and funding similar remediation activities. The standard requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability. This has occurred within two funds.

The Alaska Mental Health Trust Authority (AMHTA) has been notified by State agencies of possible obligations for pollution remediation activities on specifically identified parcels of AMHTA lands. There are several sites used by previous parties that require environmental review, subsequent remedial investigations and feasibility study and remediation and restoration of the sites. AMHTA intends to seek reimbursement of pollution remediation costs from responsible parties and any remaining costs will be recognized by the AMHTA. While an obligating event, as defined by GASBS 49 has occurred, no liability has been recognized by AMHTA because the amounts are not material to the financial statements.

The University of Alaska received a potentially responsible party letter from the Alaska Department of Environmental Conservation in August of 2006. The letter identified the University of Alaska as one of the potential parties that may be responsible for cleanup of costs of soil contamination found during a water line improvement project next to the Northwest Campus property. The extent of the contamination source, the number of potentially responsible parties, and remediation costs are being assessed but the outcome is unknown.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations or other factors. Prospective recoveries from responsible parties may reduce the State's obligation.

At July 1, 2012, the General Fund had pollution remediation obligations of $108,099 thousand. As of June 30, 2013, the State had an increase to the obligation of $11,032 thousand and recognized a decrease of $19,846 thousand, for an ending balance of $99,285 thousand in pollution remediation obligation related activities. The State has an estimated potential recovery of $21,582 thousand from other responsible parties.

At July 1, 2012, the International Airports Fund (IAF) reported pollution remediation liabilities of $1,313 thousand for which IAF is in whole or in part a responsible party. As of June 30, 2013 IAF had recognized a decrease of $60 thousand, and no increase for an ending balance of $1,253 thousand. IAF has an identified $30 thousand expected to be collected from third parties. The estimated liabilities were measured using the estimated mean of the future cash flows of costs and recovery associated with those sites, measured at current value. This accrual includes the estimated obligation for five sites. IAF has also identified 17 other sites for which it is in whole or in part a responsible party, but for which no obligating event has occurred.

At December 31, 2011, the Alaska Railroad Corporation had pollution remediation obligations of $2,019 thousand. As of December 31, 2012, the Alaska Railroad Corporation had additional obligations of $1,390 thousand and reductions in obligations of $1,571 thousand, for an ending liability of $1,838 thousand. The Alaska Railroad Corporation estimated the liability for pollution remediation by estimating a reasonable range of potential outlays and multiplying those outlays by the probability of occurrence, reduced by the allocation of liability to other potentially responsible parties where applicable. The liabilities associated with these sites could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

K. ENCUMBRANCES

The State of Alaska utilizes encumbrance accounting to identify fund obligations. The following shows encumbrances within the governmental funds for the fiscal year ended June 30, 2013 (in thousands):

	Amount (in thousands)
General Fund	$ 1,682,041
Special Revenue Funds	34,024
Capital Project Funds	238,150
Permanent Funds	42
Total Encumbrances	$ 1,954,257

A review of the appropriations with encumbrance balances over $5 million were identified and analyzed below:

The Department of Commerce, Community and Economic Development administers grants to municipalities and named recipients which total $522.6 million of which $402.1 million is in the General Fund, and $120.5 million is within Capital

Project Funds. These projects are funded by the general funds, investment income from a settlement, gambling tax revenues, and bond proceeds.

The Department of Education and Early Development, Department of Health and Social Services, Department of Labor and Workforce Development and the Department of Transportation and Public Facilities have several construction/maintenance projects underway totaling $288.2 million of which $196.6 million is in the General Fund and $91.6 million are Capital Project Funds. These projects are funded by a mixture of general funds and bond proceeds.

The Department of Administration and the Department of Revenue have information technology projects underway within the General Fund totaling $58.9 million funded by general fund resources.

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

In July 2013, the Alaska Municipal Bond Bank Authority released the 2002A Revenue Bond Resolution reserve to the custodian account due to the defeasance on the 2002A Revenue Bond Resolution bonds. The amount released was approximately $627 thousand.

On November 14, 2013 the AMBBA closed on the $72,045 thousand General Obligation Bonds, 2013 Series Three bond issue. The bonds were sold with an original issue premium that generated $5,821 thousand in addition to the stated par value. Proceeds of the 2013 Series Three bonds were used to make loans to the City and Borough of Juneau for $8,143 thousand, the Kenai Peninsula Borough for $22,985 thousand, the Lake & Peninsula Borough for $20,081 thousand, and to the City and Borough of Sitka for $26,657 thousand.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2013 session of the Alaska Legislature, the State issued the $1,289 thousand Alaska Clean Water Revenue Bond Anticipation Note, 2013, Series A for fiscal year 2014. This transaction was closed on October 22, 2013 and the notes were repaid on October 23, 2013. The borrowing was secured, and paid for by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2013 session of the Alaska Legislature, the State issued the $1,687 thousand Alaska Drinking Water Fund Revenue Bond Anticipation Note, 2013, Series B for fiscal year 2014. This transaction was closed on October 22, 2013 and the notes were repaid on October 23, 2013. The borrowing was secured, and paid for by interest earnings of the Alaska Drinking Water Fund.

D. STATE OF ALASKA – GENERAL OBLIGATION BONDS

The State of Alaska received $815 thousand back into the General Fund during FY 14. The Department of Revenue received notification from the Internal Revenue Service on September 30, 2013 that funds will be returned from the 2008 arbitrage rebate payments associated with the General Obligation Bonds 2003A and 2003B construction funds in the amount of $756 thousand and $33 thousand respectively. This refund is due to investment performance on the funds in the construction accounts following the 2008 analysis through fund close-out in 2013. In addition, the third party paying agent for these bonds returned the earned interest on the bond issues' debt service funds in the amount of $25 thousand that will also be returned to the General Fund. The checks were received and funds were deposited in mid-November 2013.

E. ALASKA HOUSING FINANCE CORPORATION (AHCC)

In FY 14 monies totaling $355 million were transferred out of AHCC to the Alaska Gasline Development Corporation pursuant to appropriations by the Alaska Legislature.

Required Supplementary Information

STATE OF ALASKA **STATEMENT 2.01**
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 6,181,644	$ 6,181,644	$ 4,934,267	$ 1,247,377
Licenses and Permits	127,761	129,740	119,401	10,339
Charges for Services	231,290	237,642	193,421	44,221
Fines and Forfeitures	15,677	15,677	30,113	(14,436)
Rents and Royalties	2,083,421	2,083,665	1,941,857	141,808
Premiums and Contributions	1,803	1,946	19,858	(17,912)
Interest and Investment Income	743,703	743,703	766,717	(23,014)
Payments In from Component Units	209	209	209	-
Other Revenues	56,706	56,706	74,351	(17,645)
Restricted:				
Federal Grants in Aid	7,047,295	7,191,838	2,243,433	4,948,405
Interagency	642,459	1,009,058	642,912	366,146
Payments In from Component Units	54,043	53,989	31,127	22,862
Other Revenues	23,652	23,652	2,508	21,144
Total Revenues	17,209,663	17,729,469	11,000,174	6,729,295
EXPENDITURES				
Current:				
General Government	907,957	921,429	714,291	207,138
Alaska Permanent Fund Dividend	568,881	568,881	562,621	6,260
Education	1,261,530	2,492,439	2,358,156	134,283
University	660,834	696,942	468,337	228,605
Health and Human Services	3,547,961	3,634,152	2,882,129	752,023
Law and Justice	323,438	338,328	309,628	28,700
Public Protection	973,718	1,142,238	922,079	220,159
Natural Resources	670,704	693,758	461,769	231,989
Development	1,556,922	1,685,042	1,057,985	627,057
Transportation	6,682,303	6,994,613	2,711,453	4,283,160
Intergovernmental Revenue Sharing	218,290	292,569	291,290	1,279
Debt Service:				
Principal	46,968	46,968	51,152	(4,184)
Interest and Other Charges	507	507	4,092	(3,585)
Total Expenditures	17,420,013	19,507,866	12,794,982	6,712,884
Excess (Deficiency) of Revenues Over Expenditures	(210,350)	(1,778,397)	(1,794,808)	16,411
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	3,456,386	3,459,786	3,459,191	595
Transfers (Out to) Other Funds	(2,868,191)	(2,868,191)	(2,933,349)	65,158
Total Other Financing Sources and Uses	588,195	591,595	525,842	65,753
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, Budgetary Basis	$ 377,845	$ (1,186,802)	(1,268,966)	$ 82,164
RECONCILIATION OF BUDGETARY/ GAAP REPORTING:				
Adjust Expenditures for Encumbrances			2,487,854	
Basis Difference			(161,235)	
Perspective Difference			1,570	
Excess (Deficiency) of Revenues, Expenditures, Other Financing Sources, Special and Extraordinary Items, GAAP Basis			1,059,223	
Fund Balances - Beginning of Year			21,564,182	
Fund Balances - End of Year			$ 22,623,405	

Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2013

The Budgetary Comparison Schedule – General Fund presents comparisons of the original and final adopted budget with actual data on a budgetary basis. The State issues a separate legal basis budgetary report, which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the State of Alaska, Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204, or may be viewed online at http://doa.alaska.gov/dof/reports/cafr.html.

The legislature's legal authorization (appropriations) to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The reconciliation of the budgetary basis to GAAP is shown directly on the Budgetary Comparison Schedule – General Fund. Both the annual operating budget and the net continuing total budget are included.

The types of differences are as follows:

- Encumbrances are included for total authorized expenditures, although for GAAP purposes they are excluded.
- There was financial activity related to reimbursable services agreements (RSA) and interfund transactions that were recorded in the general fund and in other funds. For budgetary purposes, that activity was left in the general fund, but for GAAP purposes it was eliminated from the general fund.
- Basis differences arise when the budgetary basis of accounting differs from the basis of accounting applicable to fund type when reporting on operations in accordance with GAAP. This difference is comprised of the following in the general fund (in thousands):

Petroleum Severance Taxes and Royalties	$	(159,816)
Medical Assistance Program		(395)
Working Reserve		(7)
Tobacco Tax		290
Alcohol Tax		(1,619)
Tire Tax		3
Vehicle Rental Tax		(17)
Commercial Passenger Vessel Excise Tax		326
Total General Fund Basis Difference	$	(161,235)

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Combining Fund Statements

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General Fund

The General Fund is the State's primary operating fund. All public monies and revenues coming into the state treasury not specifically authorized by statute to be placed in a special fund constitute the General Fund. Unlike other funds held in the name of the State, the General Fund has become a fundamental component of our fund structure without benefit of formal creation by the Constitution or the Alaska Statutes.

There are several accounts and funds that have been created by law which are considered a part of the General Fund. These are treated as subfunds of the General Fund and are accounted for as individual funds for accounting purposes but they are included in the General Fund for annual financial reporting purposes. The following lists those funds and accounts.

- **Abandoned Motor Vehicles Fund (Fund 11211)** – AS 28.11.110 – Administered by the Department of Administration. This fund consists of money appropriated to the fund by the legislature and proceeds from the sale of abandoned motor vehicles. This fund was created to reimburse payment of services associated with impounding, advertising, and selling abandoned vehicles.
- **Adak Airport Operations Fund (Fund 11181)** – PL 101-510 – The Alaska Department of Transportation and Public Facilities and the United States Department of Defense entered into a cooperative agreement under which the State will undertake operation and maintenance of a portion of the former Naval Air Facility known as the Adak Airport. In accordance with the agreement, the Navy paid the State $10,000,000 to operate and maintain the airport.
- **Alaska Capital Income Fund (Fund 11185)** – AS 37.05.565 – Administered by the Department of Revenue. This fund consists of money deposited to the fund from income earned on money awarded in or received as a result of State v. Amerada Hess and of appropriations to the fund. Money may be appropriated from this fund for any public purpose, including covering annual debt service and reserves for debt service on bonds authorized by state law.
- **Alaska Children's Trust Fund (Fund 34050)** – AS 37.14.200 – Administered by the Department of Health and Social Services and the Alaska Children's Trust Board established in the Office of the Governor. The income from this endowment is used to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect.
- **Alaska Debt Retirement Fund (Fund 11138)** – AS 37.15.011 – The fund consists of all money appropriated to it. The fund was established to help meet the General Fund debt obligations of the State and its political subdivisions, to fund lease-purchases, and to finance capital projects with money remaining after debt obligations are paid.
- **Alaska Gasline Inducement Act Reimbursement (Fund 11188)** – AS 43.90.400 – Administered by the Office of the Governor. This fund consists of money appropriated to it by the legislature for reimbursing a percentage of qualified expenditures as authorized under AS 43.90.110. These state matching contributions serve as an inducement to aid in the construction of a natural gas pipeline.
- **Alaska Higher Education Investment Fund (Fund 11195)** – AS 37.14.750 – Administered by the Department of Education and Early Development. This fund consists of appropriations, income earned on investments of fund assets, donations and money redeposited under AS 14.43.915(c). This fund is used for making grants and scholarship payments.
- **Alaska Historical Commission Receipts Account (Fund 11111)** – AS 41.35.380 – Administered by the Department of Natural Resources. Consists of all monetary gifts, grants, bequests, royalties, and other income received by the Alaska Historical Commission and is used for commission projects.
- **Alaska Marine Highway System Fund (Fund 12149)** – AS 19.65.060 – Administered by the Department of Transportation and Public Facilities, Alaska Marine Highway System. Gross revenues of the Alaska Marine Highway System are deposited into the fund. The fund also consists of legislative appropriations of amounts necessary to provide stable services to the public, after consideration of gross revenue.

- **Alaska Marine Highway System Vessel Replacement Fund (Fund 11137)** – AS 37.05.550 – Managed by the Department of Revenue. The fund consists of money appropriated to it by the legislature. The legislature may appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of additional state ferry vessels, or replacement of retired or outmoded state ferry vessels.
- **Alaska Senior Care Fund (Fund 11182)** – AS 47.45.360 – Administered by the Department of Health and Social Services. The fund is used to pay for the costs incurred in the provision of senior services under the senior care program. The department shall provide cash assistance and prescription drug benefits as authorized under AS 47.45.300 – 47.45.390.
- **Alaska Technical and Vocational Education Program Fund (Fund 11166)** – AS 23.15.830 – Administered by the Department of Labor and Workforce Development. The fund consists of amounts collected under AS 23.15.835. The legislature may appropriate the annual estimated balance in the fund to the Alaska Workforce Investment Board to implement AS 23.15.820 – 23.15.850. The legislature may appropriate the lapsing balance of the fund to the Unemployment Compensation Fund established in AS 23.20.130.
- **Alaska Transportation Infrastructure Bank (Fund 21653)** – Section 350 of the National Highway System Designation Act of 1995 Federal Law – Managed by the Department of Transportation and Public Facilities. This fund was established as a pilot program with the U.S. Department of Transportation to increase infrastructure investment in the private sector. The fund has the ability to make loans and provide other forms of credit assistance to public and private entities to carry out highway construction and transit capital projects.
- **Alaska Veterans' Memorial Endowment (Fund 36010)** – AS 37.14.700(a) – Administered by the Department of Military and Veterans' Affairs. The fund is used to maintain and develop veteran or military memorials. The fund consists of appropriations to the fund, donations to the fund, and income earned on investments of fund assets.
- **Alcohol and Other Drug Abuse Treatment and Prevention Fund (Fund 11178)** – AS 43.60.050 – Administered by the Department of Health and Social Services. The fund is used to establish and maintain programs for the prevention and treatment of alcoholism, drug abuse, and misuse of hazardous volatile materials and substances by inhalant abusers under AS 47.37.030.
- **Anatomical Gift Awareness Fund (Fund 11183)** – AS 13.50.160(a) – Administered by the Department of Administration. This fund was established to promote gifts under AS 13.50 the Health Care Decisions Act and to administer the donation program established under AS 13.50.130. The fund consists of donations and fees collected to support the Donor Registry Program.
- **Art in Public Places Fund (Fund 11124)** – AS 44.27.060 – Administered by the Alaska State Council on the Arts. This fund consists of one percent of the construction cost of buildings exempt from AS 35.27. The money is used to commission or purchase art for public state-owned or leased buildings or facilities.
- **Assistive Technology Loan Guarantee Fund (Fund 11154)** – AS 23.15.125 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation (DVR). The fund consists of money appropriated to it. DVR may solicit and accept available public and private money for distribution from the fund. Money in the fund may be used to guarantee 90 percent of the principal amount of a loan or to subsidize the interest rate of a loan guaranteed by DVR for appropriate assistive technology.
- **Building Safety Account (Fund 11177)** – AS 44.31.025 – Administered by the Department of Labor and Workforce Development. The collection of fees associated with building inspection and the issuance of certificates of fitness will be deposited in the Building Safety Account. The legislature may appropriate money from the account for necessary costs incurred by the Department of Labor and Workforce Development in the administration of AS 18.60.180 – 18.60.395, 18.60.800 – 18.60.820 and AS 18.62 relating to building safety and certificates of fitness.
- **Civil Legal Services Fund (Fund 12154)** – AS 37.05.590 – The fund consists of appropriations made to it. Annually, the legislature may only appropriate to the fund amounts deposited into the general fund of the state under AS 09.17.020(j). The legislature may make appropriations from the fund to organizations that provide civil legal services to low-income individuals.

- **Commercial Passenger Vessel Environmental Compliance Fund (Fund 11174)** – AS 46.03.482 – Administered by the Department of Environmental Conservation. Sources of income for this fund include: (1) money received by the department in payment of fees under AS 46.03.480; (2) money received as a result of a violation; (3) money appropriated to the fund by the legislature; (4) earnings on the fund. The legislature may make appropriations from this fund to the department to pay for the department's operational costs necessary to prepare reports that assess the information received by the department for the cruise ship seasons of 2000, 2001, 2002, and 2003 and for the department's operational costs necessary to carry out activities under AS 46.03.460 – 46.03.490 relating to commercial passenger vessels.
- **Commercial Vessel Taxes Fund (Fund 11203)** – AS 43.35.220, AS 43.52.230(a) – Administered by the Department of Revenue. The fund consists of proceeds from the tax on travel on commercial passenger vessels providing overnight accommodations in the state's marine water, and proceeds on gambling activities on large passenger vessels in the state. Money appropriated from this fund can be used for state-owned harbor facilities, other services to properly provide for vessel or watercraft visits, to enhance the safety and efficiency of interstate and foreign commerce, and such other lawful purposes as determined by the legislature.
- **Community Revenue Sharing Fund (Fund 11200)** – AS 29.60.850 – Administered by the Department of Commerce, Community and Economic Development. The Fund provides community revenue sharing payments to municipalities, reserves, and communities for any public purpose. The fund consists of appropriations. Income earned on money in the fund may be appropriated to the fund. The legislature may appropriate 20 percent of the money received by the State during the previous calendar year under AS 43.55.011(g).
- **Constitutional Budget Reserve Fund (Fund 33041)** – Alaska Constitution, Article IX, Section 17; AS 37.13 – Administered by the Department of Revenue. All money received by the State as a result of the termination of administrative proceedings or litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property are deposited in the fund, except for the share of those proceeds that are deposited into the Alaska Permanent Fund.
- **Crime Victims Compensation Fund (Fund 11207)** – AS 18.67.162 – Administered by the Department of Public Safety, Crime Victims Compensation Board. This fund consists of all money appropriated to it, including donations, recoveries of or reimbursements of awards made from the fund and investment income. The purpose of the fund is to facilitate and permit the payment of compensation to innocent persons as a result of certain serious crimes.
- **Disaster Relief Fund (Fund 12120)** – AS 26.23.300 – Administered by the Office of the Governor and the Department of Military and Veterans Affairs. This fund provides resources to alleviate the effects of disasters wherever and whenever they may occur in the State.
- **Donated Commodity Fee Fund (Fund 11120)** – USC 7 CFR, Part 250 – Administered by the Department of Education and Early Development. This fund consists of monies from federal agencies and recipients of goods. It is intended to cover the cost of the distribution of federal surplus food to schools, childcare institutions, nonprofit camps for children, charitable institutions for minors, nutrition programs for the elderly, and assistance to needy persons.
- **Educational Facilities Maintenance and Construction Fund (Fund 11142)** – AS 37.05.560 – Administered by the Department of Education and Early Development. Money in the fund may be appropriated to finance the design, construction, and maintenance of public school facilities and for maintenance of the University of Alaska facilities.
- **Election Fund (Fund 11179)** – Federal H.R. 3295, "The Help America Vote Act" – Administered by the Office of the Lieutenant Governor, Division of Elections. Funds will be used for election administration improvements, for replacement of voting equipment, to improve accessibility for individuals with disabilities, and to provide alternative language accessibility.
- **Employment Assistance and Training Program Account (Fund 11134)** – AS 23.15.625 – Administered by the Department of Labor and Workforce Development. The account consists of amounts collected under the provision of AS 23.15.630. The annual estimated balance in the account may be appropriated by the legislature to the department to implement AS 23.15.620 – 23.15.660. The legislature may appropriate the lapsing balance of the account to the Unemployment Compensation Fund established in AS 23.20.130.

- **Exxon Valdez Oil Spill Unincorporated Rural Community Grant Fund (Fund 11161)** – AS 44.33.115 – Administered by the Department of Commerce, Community, and Economic Development. The department may use the fund to make grants to unincorporated rural communities in the area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring, replacing, or enhancing subsistence resources or services or other services damaged or lost as a result of the Exxon Valdez oil spill.
- **FHWA - Airspace Leases Fund (Fund 11126)** – Section 156 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 requires that the State shall charge fair market value for the sale, use, or lease rentals of right-of-way airspace and that the federal share of these net incomes be used by the State for highway projects. This fund accounts for those revenues. The revenues are available for appropriation by the legislature for highway projects.
- **FICA Administration Fund (Fund 11110)** – AS 39.30.050 – Administered by the Department of Administration. The fund consists of the pro rata share of expenses incurred in the administration of 39.30.010 – 39.30.080 and collected from participating political subdivisions and from the State.
- **Fisheries Disaster Fund (Fund 11180)** – PL 108-7, Sec. 2, Division N, Title V – Fisheries Disasters, Sec. 501(a) – Administered by the Office of the Governor. $35,000,000 shall be made available as a direct lump sum payment to the State of Alaska to make payments to persons or entities that have experienced significant economic hardship. Funds in Alaska shall be used to provide personal assistance; assistance for small businesses including fishermen, fish processors, and related business serving the fishing industry; assistance for local borough governments adversely affected by reductions in fish landing fees and other fishing-related revenue; and product development and marketing.
- **Fuel Emergency Fund (Fund 11125)** – AS 26.23.400 – Administered by the Office of the Governor. This fund is used when the governor determines that a shortage of fuel is sufficiently severe to justify state assistance to make grants to a city or borough, or to a village or unincorporated community to purchase emergency supplies of fuel.
- **Fund for the Improvement of School Performance (Fund 11145)** – AS 14.03.125 – Administered by the Department of Education and Early Development. It is used to make grants to a district located in the State for the purpose of improving school performance.
- **Major Maintenance Grant Fund (Fund 11144)** – AS 14.11.007 – Administered by the Department of Education and Early Development. The fund is used to make grants for the cost of school major maintenance.
- **Memorial Education Revolving Loan Fund (Fund 21611)** – AS 14.43.255 – Administered by the Department of Education and Early Development. The fund was created to pay tribute to the memory of Alaskans who, by example of their lives, or by their distinguished contribution and service to the State, their community, or their profession, exemplified the best that is the challenge of "The Great Land." The funds shall be used to provide education loans to students selected under AS 14.43.250-325.
- **Municipal Capital Project Matching Grant Fund (Fund 11146)** – AS 37.06.010 – Administered by the Department of Commerce, Community, and Economic Development. The money in the fund is held by the department in custody for each municipality. Each fiscal year the department allocates individual grants for each municipality.
- **Municipal Harbor Facility Grant Fund (Fund 11187)** – AS 29.60.800 – Administered by the Department of Transportation and Public Facilities. The money appropriated to the fund may be expended by the department for municipal harbor grants.
- **Oil and Gas Tax Credit Fund (Fund 11189)** – AS 43.55.028 – Administered by the Department of Revenue. The purpose of this fund is to purchase certain transferable tax credit certificates issued under AS 43.55.023 and certain production tax credit certificates issued under AS 43.55.025. The fund consists of money appropriated to it, including any appropriation of the percentage provided under (c) of this section of all revenue from taxes levied by AS 43.55.011 that is not required to be deposited in the constitutional budget reserve fund established in art. IX, sec. 17 (a), Constitution of the State of Alaska; and earnings on the fund.

- **Oil and Hazardous Substance Release Prevention and Response (Fund 11128)** – AS 46.08.010 – Administered by the Department of Environmental Conservation. This fund is composed of two accounts: (1) the prevention account and (2) the response account. The fund consists of appropriations by the legislature of money from private donors, money recovered from parties responsible for cleanup of oil or a hazardous substance, and fines, penalties, or damages recovered under Chapter 46. This money is for the containment and cleanup of oil or a hazardous substance; monitoring, assessing, investigating, and evaluating the release or threatened release of oil or a hazardous substance; and recovery of the cost to the State of the containment and cleanup of oil or a hazardous substance.
- **Oil and Hazardous Substance Release Prevention Mitigation Account (Fund 11139)** – AS 46.08.020(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance; and fines, penalties, or damages recovered under AS 46.08.005–46.08.080. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the prevention account in the Oil and Hazardous Substance Release Prevention and Response Fund.
- **Oil and Hazardous Substance Release Response Mitigation Account (Fund 11153)** – AS 46.08.025(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance at a specific site for which the State expended money from the former oil and hazardous substance release response fund before October 2, 1994, or for which the State expended money from the response account. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the response account in the Oil and Hazardous Substance Release Prevention and Response Fund.
- **Originator Surety Fund (Fund 11202)** – AS 06.60.500 – Administered by the Department of Commerce Community and Economic Development. This fund consists of payments made by originator licensees under AS 06.60.550, filing fees retained under AS 06.60.620, income earned on the investment of the money in the fund, and money deposited in the fund by the department under AS 06.60.740.
- **Permanent Fund Dividend Fund (Fund 33020)** – AS 43.23.045 – Administered by the Department of Revenue. This fund consists of 50 percent of the income earned by the Alaska Permanent Fund during the fiscal year ending on June 30 that is paid out to eligible Alaska residents.
- **Public Education Fund (Fund 11184)** – AS 14.17.300 – Administered by the Department of Education and Early Development. This account may be expended only in aid of public schools and for centralized correspondence study programs under Chapter 17 – Financing of Public Schools, and for transportation of pupils under AS 14.09.010.
- **Railbelt Energy Fund (Fund 11123)** – AS 37.05.520 – Managed by the Department of Revenue. The legislature may appropriate money from the fund for programs, projects, and other expenditures to assist in meeting Railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation.
- **Randolph-Sheppard Small Business Fund (Fund 11118)** – AS 23.15.130, 20 USC 107-107(f) – Administered by the Department of Labor and Workforce Development. This fund consists of receipts from vending facilities on federal properties and is used to aid only blind licensees in operating vending machine facilities.
- **Real Estate Recovery Fund (Fund 11121)** – AS 08.88.450 – Administered by the Department of Commerce, Community, and Economic Development. This fund is composed of payments made by real estate licensees under AS 08.88.455 and filing fees under AS 08.88.460, income earned on investment of the money in the fund, and money deposited in the fund under AS 08.88.450(c). Amounts in the fund may be appropriated for claims against the fund, for hearing and legal expenses directly related to fund operations and claims, and real estate educational purposes.
- **Regional Cruise Ship Impact Fund (Fund 11205)** – AS 43.52.230(c) – Administered by the Department of Revenue. The fund consists of proceeds from the tax on travel on commercial passenger vessels providing overnight accommodations in the state's marine water. Money appropriated from this fund can be used for state-owned harbor facilities, other services to properly provide for vessel or watercraft visits, to enhance the safety and efficiency of interstate and foreign, commerce, and such other lawful purposes as determined by the legislature.

- **Regional Educational Attendance Area School Fund (Fund 11190)** – AS 14.11.030 – Administered by the Department of Education and Early Development for the purpose of funding costs of school construction in regional educational attendance areas.
- **School Construction Grant Fund (Fund 11143)** – AS 14.11.005 – Administered by the Department of Education and Early Development. The fund shall be used to make grants for the costs of school construction. Legislative appropriations for school construction shall be deposited in the fund and the proceeds from the sale of general obligation bonds for school construction may be deposited in the fund.
- **School Trust Land Sales (Fund 11162)** – Established per attorney general memo regarding Public School Trust Litigation. Used to separately account for income from former public school trust land, the status of which is in litigation.
- **State Insurance Catastrophe Reserve Account (Fund 11133)** – AS 37.05.289 – Administered by the Department of Administration. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.
- **State Land Disposal Income Fund (Fund 11164)** – AS 38.04.022(a) – Administered by the Department of Natural Resources. The fund consists of revenue from the state land disposal program.
- **State Land Reforestation Fund (Fund 12130)** – AS 41.17.300 – Administered by the Department of Natural Resources. The money in the state land reforestation fund may be used only for the reforestation of state land, including site preparation; seed and seedling acquisition and cultivation; planting and other reforestation measures; timber stand improvement; and the development of materials and techniques for the reforestation of state land.
- **Statutory Budget Reserve Fund (Fund 11115)** – AS 37.05.540 – Administered by the Department of Revenue. This fund consists of appropriations to the fund. Money received by the State that is subject to the appropriation limit under AS 37.05.540(b) and that exceeds that limit may be appropriated to the budget reserve fund.
- **Surplus Property Revolving Fund (Fund 11112)** – AS 37.05.500(a)(2), AS 44.68.130 – Administered by the Department of Administration. This fund is to account for revenues from the users or purchasers of excess federal property that the State has acquired and is used to pay the administrative expenses incurred in managing this property.
- **Tobacco Use Education and Cessation Fund (Fund 11175)** – AS 37.05.580 – Administered by the Department of Health and Social Services. This fund consists of 20 percent of the annual revenue derived from the settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska Super. 1997). The purpose of this fund is to provide a source to finance the comprehensive smoking education, tobacco use prevention, and tobacco control program authorized by AS 44.29.020(a)(15).
- **TAPS Rebate Fund (Fund 11163)** – Federal PL 101-380, sec. 8102(a)(B)(I) – The federal government has rebated the pro rata share of the federal Trans-Alaska Pipeline Liability (TAPS) Fund to the State of Alaska for its contributions as an owner of oil. The funds are to be used for the remediation of above-ground storage tanks.
- **Training and Building Fund (Fund 12121)** – AS 23.20.130(d) – Administered by the Department of Labor and Workforce Development. This fund consists of interest and penalties for failure to file timely reports and pay contributions to the Unemployment Compensation Fund. It may be used for the administration of the Employment Security Act when federal funds are not available and for the acquisition of land and buildings for the purpose of providing office space for the department.
- **Trauma Care Fund (Fund 11208)** – AS 18.08.085 – Administered by the Department of Health and Social Services. This fund consists of money appropriated to it by the legislature including donations, recoveries of or reimbursements for awards made from the fund and investment income. The purpose of this fund is to compensate certified trauma centers in the state that receive a special designation under AS 18.08.082(c) and that achieve or maintain the highest appropriate level of trauma care designation.
- **Unincorporated Community Capital Project Matching Grant Fund (Fund 11147)** – AS 37.06.020 – Administered by the Department of Commerce, Community, and Economic Development. This fund was created for unincorporated communities to acquire or improve an asset with an anticipated life exceeding one year and includes land acquisition, construction, repair or structural improvement of a facility, engineering and design for a facility, and acquisition or repair of equipment.

- **Vocational Rehabilitation Small Business Enterprise Revolving Fund (Fund 11116)** – AS 23.15.130 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation. This fund consists of receipts from the net proceeds of vending facilities on public property. The annual estimated receipts of the fund may be used by the legislature to make appropriations to the department to aid licensees in operating vending machine facilities.
- **Workers' Compensation Benefits Guaranty Fund (Fund 11186)** – AS 23.30.082 – Administered by the Department of Labor and Workforce Development. This fund is composed of civil penalty payments made by employers under AS 23.30.080, income earned on investment of the money in the fund, money deposited in the fund, and appropriations to the fund. The fund may be appropriated for claims against the fund, for expenses directly related to fund operations and claims, and for legal expenses.
- **Workers' Safety and Compensation Administration Account (Fund 11173)** – AS 23.05.067 – Administered by the Department of Labor and Workforce Development. This fund is used to account for the annual service fees collected from employers for the administrative expenses of the State for workers' safety programs under AS 18.60 and the workers' compensation program under AS 23.30.

STATE OF ALASKA **STATEMENT 3.01**
Combining Balance Sheet
General Fund
June 30, 2013
(Stated in Thousands)

	General Fund		
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund
ASSETS			
Cash and Investments	$ 11,564,910	$ 5,487,711	$ 21,764
Accounts Receivable - Net	-	-	2,451
Interest and Dividends Receivable	-	-	-
Due from Other Funds	56,210	84	604,150
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Loans, Notes, and Bonds Receivable	-	-	-
Inventories	-	-	-
Other Assets	-	-	20
Total Assets	$ 11,621,120	$ 5,487,795	$ 628,385
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ 528	$ -	$ 5,717
Due to Other Funds	-	776,383	499
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned and Unavailable Revenue	-	-	-
Other Liabilities	-	-	3
Total Liabilities	528	776,383	6,219
FUND BALANCES			
Nonspendable:			
Inventory	-	-	-
Advances and Prepaid Items	-	-	-
Restricted for:			
Debt Service	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Development	-	-	-
Other Purposes	-	-	-
Committed to:			
Debt Service	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Public Protection	-	-	-
Permanent Fund	-	-	622,166
Development	-	-	-
Other Purposes	-	-	-
Unassigned	11,620,592	4,711,412	-
Total Fund Balances	11,620,592	4,711,412	622,166
Total Liabilities and Fund Balances	$ 11,621,120	$ 5,487,795	$ 628,385

Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
$ 1,185,530	$ 3,848,315	$ -	$ 22,108,230
85	689,124	-	691,660
-	249	-	249
-	920,604	(833,176)	747,872
-	3,463	-	3,463
-	498,352	-	498,352
-	17,233	-	17,233
-	16,527	-	16,527
-	91,910	-	91,930
$ 1,185,615	$ 6,085,777	$ (833,176)	$ 24,175,516
$ -	$ 854,283	$ -	$ 860,528
-	97,820	(833,176)	41,526
-	30,443	-	30,443
-	32	-	32
-	619,059	-	619,059
-	520	-	523
-	1,602,157	(833,176)	1,552,111
-	16,527	-	16,527
-	91,997	-	91,997
-	10	-	10
-	12,673	-	12,673
-	486	-	486
-	58,254	-	58,254
-	5,619	-	5,619
-	8,440	-	8,440
1,185,615	1,069,440	-	2,255,055
-	295,526	-	295,526
-	196,014	-	196,014
-	-	-	622,166
-	2,418,969	-	2,418,969
-	201,403	-	201,403
-	108,262	-	16,440,266
1,185,615	4,483,620	-	22,623,405
$ 1,185,615	$ 6,085,777	$ (833,176)	$ 24,175,516

STATE OF ALASKA **STATEMENT 3.02**
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	General Fund		
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund
REVENUES			
Taxes	$ 104,065	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	492
Fines and Forfeitures	334	-	210
Rents and Royalties	147,184	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income (Loss)	726,582	-	-
Federal Grants in Aid	-	-	-
Payments In from Component Units	-	-	-
Other Revenues	-	-	2
Total Revenues	978,165	-	704
EXPENDITURES			
Current:			
General Government	-	-	8,540
Alaska Permanent Fund Dividend	-	-	562,621
Education	-	-	-
University	-	-	-
Health and Human Services	-	-	15,739
Law and Justice	-	-	-
Public Protection	-	-	13,431
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Intergovernmental Revenue Sharing	-	-	-
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Total Expenditures	-	-	600,331
Excess (Deficiency) of Revenues Over Expenditures	978,165	-	(599,627)
OTHER FINANCING SOURCES (USES)			
Capital Leases	-	-	-
Transfers In from Other Funds	-	250,084	604,149
Transfers (Out to) Other Funds	-	(776,383)	(1,798)
Total Other Financing Sources and Uses	-	(526,299)	602,351
Net Change in Fund Balances	978,165	(526,299)	2,724
Fund Balances - Beginning of Year	10,642,427	5,237,711	619,442
Fund Balances - End of Year	$ 11,620,592	$ 4,711,412	$ 622,166

Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
$ -	$ 4,661,678	$ -	$ 4,765,743
-	119,401	-	119,401
9	192,920	-	193,421
-	29,569	-	30,113
-	1,802,364	-	1,949,548
-	19,858	-	19,858
-	40,135	-	766,717
-	2,392,390	-	2,392,390
-	31,336	-	31,336
-	77,336	-	77,338
9	9,366,987	-	10,345,865
-	459,418	-	467,958
-	-	-	562,621
1,194,394	805,106	-	1,999,500
-	467,757	-	467,757
-	2,720,396	-	2,736,135
-	270,155	-	270,155
-	722,624	-	736,055
-	319,002	-	319,002
-	685,512	-	685,512
-	1,234,758	-	1,234,758
-	288,281	-	288,281
-	30,549	-	30,549
-	19,283	-	19,283
1,194,394	8,022,841	-	9,817,566
(1,194,385)	1,344,146	-	528,299
-	5,279	-	5,279
1,139,716	809,631	(2,166,183)	637,397
-	(1,499,754)	2,166,183	(111,752)
1,139,716	(684,844)	-	530,924
(54,669)	659,302	-	1,059,223
1,240,284	3,824,318	-	21,564,182
$ 1,185,615	$ 4,483,620	$ -	$ 22,623,405

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Nonmajor Governmental Funds

STATE OF ALASKA **STATEMENT 3.11**
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(Stated in Thousands)

	Permanent Fund	
	Public School Trust Fund	Special Revenue Funds
ASSETS		
Cash and Investments	$ 506,033	$ 664,911
Accounts Receivable - Net	1,003	3,524
Due from Other Funds	4,864	299
Due from Other Governments	-	6,290
Loans, Notes, and Bonds Receivable	68	-
Other Assets	-	35
Total Assets	511,968	675,059
Total Assets	$ 511,968	$ 675,059
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 45	$ 4,540
Due to Other Funds	-	19,687
Due to Component Units	-	-
Unearned and Unavailable Revenue	1,871	2,948
Other Liabilities	1	650
Total Liabilities	1,917	27,825
FUND BALANCES		
Nonspendable:		
Principal	499,723	-
Restricted for:		
Debt Service	-	-
Education	-	9,297
Health and Human Services	-	16,302
Development	-	33,361
Other Purposes	-	162
Committed to:		
Education	10,328	-
Development	-	588,112
Total Fund Balances	510,051	647,234
Total Liabilities and Fund Balances	$ 511,968	$ 675,059

Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
$ 42,896	$ 344,564	$ 1,558,404
-	18	4,545
691	190	6,044
-	-	6,290
-	-	68
-	2	37
43,587	344,774	1,575,388
$ 43,587	$ 344,774	$ 1,575,388
$ -	$ 3,116	$ 7,701
-	13,429	33,116
-	5,365	5,365
-	-	4,819
-	-	651
-	21,910	51,652
-	-	499,723
43,587	-	43,587
-	144,920	154,217
-	-	16,302
-	177,944	211,305
-	-	162
-	-	10,328
-	-	588,112
43,587	322,864	1,523,736
$ 43,587	$ 344,774	$ 1,575,388

STATE OF ALASKA **STATEMENT 3.12**
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Permanent Fund	
	Public School Trust Fund	Special Revenue Funds
REVENUES		
Taxes	$ -	$ 21,612
Licenses and Permits	-	28,389
Charges for Services	-	637
Fines and Forfeitures	8	494
Rents and Royalties	13,993	3,593
Premiums and Contributions	-	6,091
Interest and Investment Income (Loss)	38,171	1,958
Federal Grants in Aid	-	29,950
Other Revenues	-	379
Total Revenues	52,172	93,103
EXPENDITURES		
Current:		
General Government	109	256
Education	9,000	22,049
University	-	3,100
Health and Human Services	-	4,867
Public Protection	-	78
Natural Resources	332	65,327
Development	-	22,153
Transportation	-	800
Debt Service:		
Principal	-	-
Interest and Other Charges	-	-
Total Expenditures	9,441	118,630
Excess (Deficiency) of Revenues Over Expenditures	42,731	(25,527)
OTHER FINANCING SOURCES (USES)		
Bonds Issued	-	-
Bonds Issued Premium	-	-
Transfers In from Other Funds	1	4,203
Transfers (Out to) Other Funds	-	(5,321)
Total Other Financing Sources and Uses	1	(1,118)
Net Change in Fund Balances	42,732	(26,645)
Fund Balances - Beginning of Year	467,319	673,879
Fund Balances - End of Year	$ 510,051	$ 647,234

Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ 21,612
-	-	28,389
-	-	637
-	-	502
-	-	17,586
-	-	6,091
134	373	40,636
11,948	-	41,898
23,990	-	24,369
36,072	373	181,720
-	-	365
-	50,889	81,938
-	97,948	101,048
-	-	4,867
-	-	78
-	9,692	75,351
-	-	22,153
-	41,643	42,443
67,410	-	67,410
45,608	-	45,608
113,018	200,172	441,261
(76,946)	(199,799)	(259,541)
-	312,125	312,125
-	36,338	36,338
74,426	-	78,630
(87)	(4,012)	(9,420)
74,339	344,451	417,673
(2,607)	144,652	158,132
46,194	178,212	1,365,604
$ 43,587	$ 322,864	$ 1,523,736

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Permanent Funds

Permanent funds account for permanent endowments created when the principal amount of a contribution must be invested and preserved but earnings on amounts invested can be used for public purpose. Following are the State's permanent funds.

- **Alaska Mental Health Trust Authority (Fund 34040)** – AS 47.30.011 – This is a Discretely Presented Component Unit. The fund description is contained in the Notes to the Basic Financial Statements, Note 1A. Statements are included in the Non-major Component Units section.

- **Alaska Permanent Fund (Fund 34030)** – Alaska Constitution, Article IX, Section 15 – Administered by the Alaska Permanent Fund Corporation. The Alaska Constitution provides that at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in the Alaska Permanent Fund. This is a major fund and included in Statements 1.11, 1.13, and 3.23.

- **Public School Trust Fund (Fund 34010)** – AS 37.14.110 – Administered by the Department of Revenue. The principal consists of the balance of the public school permanent fund on July 1, 1978, and one-half of one percent of the receipts derived from the management of state land (AS 34.14.150). The net income of the fund may be appropriated only for the support of the state public school program. This is a non-major fund and is included in Statements 3.11, 3.12, and 3.23.

STATE OF ALASKA **STATEMENT 3.23**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Permanent Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Public School Trust		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Fines and Forfeitures	$ 8	$ 8	$ -
Rents and Royalties	13,993	13,993	-
Interest and Investment Income (Loss)	38,171	38,171	-
Total Revenues	52,172	52,172	-
EXPENDITURES			
Current:			
General Government	109	109	-
Education	13,250	9,000	4,250
Law and Justice	-	-	-
Natural Resources	518	332	186
Total Expenditures	13,877	9,441	4,436
Excess (Deficiency) of Revenues Over Expenditures	38,295	42,731	(4,436)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	1	1	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	1	1	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ 38,296	42,732	$ (4,436)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		42,732	
Fund Balances - Beginning of Year		467,319	
Fund Balances - End of Year		$ 510,051	

Alaska Permanent			Total Permanent Funds		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
$ -	$ -	$ -	$ 8	$ 8	$ -
840,121	840,121	-	854,114	854,114	-
4,440,917	4,440,917	-	4,479,088	4,479,088	-
5,281,038	5,281,038	-	5,333,210	5,333,210	-
119,965	119,965	-	120,074	120,074	-
-	-	-	13,250	9,000	4,250
1,478	1,478	-	1,478	1,478	-
5,585	5,585	-	6,103	5,917	186
127,028	127,028	-	140,905	136,469	4,436
5,154,010	5,154,010	-	5,192,305	5,196,741	(4,436)
-	-	-	1	1	-
(633,735)	(633,735)	-	(633,735)	(633,735)	-
(633,735)	(633,735)	-	(633,734)	(633,734)	-
$ 4,520,275	4,520,275	$ -	$ 4,558,571	4,563,007	$ (4,436)
	4,520,275			4,563,007	
	40,333,059			40,800,378	
	$ 44,853,334			$ 45,363,385	

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Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Additionally, special revenue funds account for the General Fund of legally separate entities (component units) that are blended with the government. The following are the State's special revenue funds.

- **Alaska Housing Capital Corporation (AHCC) (Fund 34076)** – AS 18.56.086 – Subsidiary of AHFC. The purpose of this fund is to fund capital projects, including financing expenses. AHCC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.

- **Alyeska Settlement Trust Fund (Fund 12138)** – Consent Decree between the United States, the State of Alaska, and Alyeska Pipeline Service Company – Administered by the Department of Revenue. The fund was created for the purpose of receiving, holding, and disbursing settlement proceeds from Alyeska under the Consent Decree. The funds are to be used to clean up oil spills and for other projects specified in the Consent Decree.

- **Clean Air Protection Fund (Fund 12133)** – AS 46.14.260 and Federal Clean Air Act – Administered by the Department of Environmental Conservation. The fund was established to collect and account for permit fees under the Federal Clean Air Act. Monies collected may only be used to cover reasonable costs required to support the permit program.

- **Exxon Valdez Oil Spill Restoration Fund (Fund 12136)** – United States District Court judgement in the criminal case U.S. v. Exxon Shipping Company and Exxon Corporation resulted in $50 million restitution being received by the State to be used exclusively for restoration projects related to the Exxon Valdez oil spill. Administered by the Department of Revenue.

- **Exxon Valdez Settlement Trust Fund (Fund 12160)** – AS 37.14.400 – Memorandum of Agreement and Consent Decree between the United States (U.S.) and the State of Alaska to maximize the funds available for restoration of natural resources and to resolve the governments' claims against one another relating to the Exxon Valdez Oil Spill, which occurred on the night of March 23-24, 1989, in Prince William Sound, Alaska. The funds are administered by the trustee council which consists of the Secretaries of the U.S. Departments of the Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (the federal trustees) and the Commissioners of the Departments of Environmental Conservation and Fish and Game and the Attorney General of the State of Alaska (State trustees). The trustee council determines which projects shall be financed by monies from the trust. The Exxon Valdez Settlement Trust Fund established in the state accounting system accounts for those monies transferred to the State for projects approved by the trustee council. These projects are for the purpose of restoring, replacing, enhancing, rehabilitating, or acquiring the equivalent of natural resources injured, lost, or destroyed as a result of the oil spill.

- **Fish and Game Fund (Fund 12122)** – AS 16.05.100 – Administered by the Department of Fish and Game. Statutory revenue in this fund can only be used for the purpose of protection, propagation, investigation, and restoration of sport fish and game resources and the expenses of administering the sport fish and wildlife divisions of the Department of Fish and Game. These monies are received from the sale of state sport fishing and hunting licenses and special permits; sale of furs, skins, and specimens taken by predator hunters; money received in settlement of a claim or loss caused by damage to fish and game purposes; and donations. In addition to the statutory revenues, federal revenues, crewmember license fees, and other sources are appropriated to the fund for purposes related to fish and wildlife.

- **Fishermen's Fund (Fund 11119)** – AS 23.35.060 – Administered by the Department of Labor and Workforce Development. This fund is composed of 39 percent of the money derived by the State from all commercial fishermen's licenses and money appropriated by the legislature to pay for emergency treatment, transportation, medical care, and hospitalization of injured or disabled commercial fishermen.

- **Mine Reclamation Trust Fund (Fund 12140)** – AS 37.14.800 – Administered by the Department of Natural Resources. The principal and earnings of the fund shall be held by the State for the purpose of protecting the public interest in reclaiming mine sites in the State. The fund is composed of the mine reclamation trust fund income account and the mine reclamation trust fund operating account. The fund's income account consists of payments and deposits made by miners to satisfy the miners' reclamation bonding or financial assurance obligation under AS 27.19.040 or AS 27.21.160 and earnings on the income account. The mine reclamation trust fund operating account consists of appropriations by the legislature of the annual balance of the mine reclamation trust fund income account and any earnings on those appropriations while in the operating account.

- **National Petroleum Reserve (NPR) Fund (Fund 12131)** – AS 37.05.530 – The commissioner of the Department of Revenue is responsible for the management of the NPR fund. The Department of Commerce, Community, and Economic Development administers the NPR grant program within the fund. This fund consists of all money disbursed to the State by the federal government under 42 USC 6508 since December 12, 1980, less the amount deposited in the General Fund and expended by the State by General Fund appropriations before June 9, 1984. The monies are spent by municipalities to alleviate the impact from oil and gas development within the National Petroleum Reserve.

- **Northern Tobacco Securitization Corporation (NTSC) Fund (Fund 21664)** – AS 18.56.086 – Subsidiary of AHFC. The purpose of this fund is to purchase Tobacco Settlement Revenues from the State in order to provide financing of construction of public school facilities, facilities for the University of Alaska, public housing facilities of AHFC and facilities for ports and harbors. NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.

- **Reclamation Bonding Pool Fund (Fund 12132)** – AS 27.19.040 – Administered by the Department of Natural Resources. The fund is a statewide bonding pool for mining operations as an alternative to individual financial assurance. A miner participating in the bonding pool contributes a nonrefundable annual fee and an initial deposit that is refunded upon satisfactory completion of the approved reclamation plan. If a miner violates the reclamation plan, the financial assurance is forfeited and deposited in the fund. Income and other earnings on the bonding pool are also added to the fund. The reclamation and administrative costs and forfeited financial assurances are used for reclamation of the mining sites subject to forfeiture.

- **School Fund (Fund 12123)** – AS 43.50.140 – Administered by the Department of Revenue and the Department of Education and Early Development. This fund receives the revenue from the payment of cigarette taxes, fees, and penalties. It can only be used to rehabilitate, construct, and repair the State's school facilities, and for costs of insurance on buildings comprising school facilities.

- **Second Injury Fund (Fund 11117)** – AS 23.30.040 – Administered by the Department of Labor and Workforce Development. The fund consists of contributions from employers collected under AS 23.30.040(b) and (c), and civil penalties collected under AS 23.30.155(c). Money in the fund may only be paid for the benefit of those persons entitled to payment of benefits from the second injury fund under AS 23.30.

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STATE OF ALASKA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013
(Stated in Thousands)

STATEMENT 3.31

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool
ASSETS						
Cash and Investments	$ 5,098	$ 11,554	$ 12,999	$ 5,796	$ 28,072	$ 2,138
Accounts Receivable - Net	-	-	23	3,501	-	-
Due from Other Funds	-	291	-	-	-	-
Due from Other Governments	-	-	6,290	-	-	-
Other Assets	-	1	32	-	-	-
Total Assets	$ 5,098	$ 11,846	$ 19,344	$ 9,297	$ 28,072	$ 2,138
LIABILITIES						
Accounts Payable and Accrued Liabilities	$ 495	$ 12	$ 1,522	$ -	$ 1,498	$ 3
Due to Other Funds	135	-	3,027	-	1	-
Unearned and Unavailable Revenue	-	-	2,948	-	-	-
Other Liabilities	-	-	182	-	-	468
Total Liabilities	630	12	7,679	-	1,499	471
FUND BALANCES						
Restricted for:						
Education	-	-	-	9,297	-	-
Health and Human Services	4,468	11,834	-	-	-	-
Development	-	-	11,665	-	-	1,667
Other Purposes	-	-	-	-	-	-
Committed to:						
Development	-	-	-	-	26,573	-
Total Fund Balances	4,468	11,834	11,665	9,297	26,573	1,667
Total Liabilities and Fund Balances	$ 5,098	$ 11,846	$ 19,344	$ 9,297	$ 28,072	$ 2,138

Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Total Nonmajor Special Revenue Funds
$ 2,798	$ 3,909	$ 7,752	$ 7,150	$ 162	$ 944	$ 576,539	$ 664,911
-	-	-	-	-	-	-	3,524
-	-	-	-	-	8	-	299
-	-	-	-	-	-	-	6,290
-	-	-	2	-	-	-	35
$ 2,798	$ 3,909	$ 7,752	$ 7,152	$ 162	$ 952	$ 576,539	$ 675,059
$ -	$ -	$ -	$ 1,010	$ -	$ -	$ -	$ 4,540
1,414	-	-	102	-	8	15,000	19,687
-	-	-	-	-	-	-	2,948
-	-	-	-	-	-	-	650
1,414	-	-	1,112	-	8	15,000	27,825
-	-	-	-	-	-	-	9,297
-	-	-	-	-	-	-	16,302
1,384	3,909	7,752	6,040	-	944	-	33,361
-	-	-	-	162	-	-	162
-	-	-	-	-	-	561,539	588,112
1,384	3,909	7,752	6,040	162	944	561,539	647,234
$ 2,798	$ 3,909	$ 7,752	$ 7,152	$ 162	$ 952	$ 576,539	$ 675,059

STATE OF ALASKA **STATEMENT 3.32**
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool
REVENUES						
Taxes	$ -	$ -	$ -	$ 21,612	$ -	$ -
Licenses and Permits	-	768	24,845	-	-	-
Charges for Services	-	-	553	-	-	84
Fines and Forfeitures	191	-	301	-	-	-
Rents and Royalties	-	-	-	-	3,593	-
Premiums and Contributions	2,977	-	-	-	-	-
Interest and Investment Income (Loss)	-	-	54	-	-	6
Federal Grants in Aid	-	-	29,950	-	-	-
Other Revenues	5	365	9	-	-	-
Total Revenues	3,173	1,133	55,712	21,612	3,593	90
EXPENDITURES						
Current:						
General Government	-	-	-	-	3	-
Education	-	-	-	21,800	249	-
University	-	-	-	-	-	-
Health and Human Services	3,551	1,146	-	-	170	-
Public Protection	-	-	-	-	78	-
Natural Resources	-	-	57,974	-	79	-
Development	-	-	-	-	7,153	-
Transportation	-	-	-	-	-	-
Total Expenditures	3,551	1,146	57,974	21,800	7,732	-
Excess (Deficiency) of Revenues Over Expenditures	(378)	(13)	(2,262)	(188)	(4,139)	90
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	-	-	4,116	-	-	-
Transfers (Out to) Other Funds	-	-	(5,256)	-	(65)	-
Total Other Financing Sources and Uses	-	-	(1,140)	-	(65)	-
Net Change in Fund Balances	(378)	(13)	(3,402)	(188)	(4,204)	90
Fund Balances - Beginning of Year	4,846	11,847	15,067	9,485	30,777	1,577
Fund Balances - End of Year	$ 4,468	$ 11,834	$ 11,665	$ 9,297	$ 26,573	$ 1,667

Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 21,612
2,776	-	-	-	-	-	-	28,389
-	-	-	-	-	-	-	637
2	-	-	-	-	-	-	494
-	-	-	-	-	-	-	3,593
-		-	3,114	-	-	-	6,091
-	12	27	25	-	36	1,798	1,958
-	-	-	-	-	-	-	29,950
-	-	-	-	-	-	-	379
2,778	12	27	3,139	-	36	1,798	93,103
171	-	-	-	82	-	-	256
-	-	-	-	-	-	-	22,049
-	-	-	-	-	-	3,100	3,100
-	-	-	-	-	-	-	4,867
-	-	-	-	-	-	-	78
3,401	-	-	3,867	-	6	-	65,327
-	-	-	-	-	-	15,000	22,153
-	-	800	-	-	-	-	800
3,572	-	800	3,867	82	6	18,100	118,630
(794)	12	(773)	(728)	(82)	30	(16,302)	(25,527)
-	-	-	-	87	-	-	4,203
-	-	-	-	-	-	-	(5,321)
-	-	-	-	87	-	-	(1,118)
(794)	12	(773)	(728)	5	30	(16,302)	(26,645)
2,178	3,897	8,525	6,768	157	914	577,841	673,879
$ 1,384	$ 3,909	$ 7,752	$ 6,040	$ 162	$ 944	$ 561,539	$ 647,234

STATE OF ALASKA **STATEMENT 3.33**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Second Injury		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	191	(191)
Rents and Royalties	-	-	-
Premiums and Contributions	-	2,977	(2,977)
Interest and Investment Income (Loss)	-	-	-
Other Revenues	4,003	5	3,998
Restricted:			
Federal Grants in Aid	-	-	-
Other Revenues	-	-	-
Total Revenues	4,003	3,173	830
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
Health and Human Services	4,003	3,551	452
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Total Expenditures	4,003	3,551	452
Excess (Deficiency) of Revenues Over Expenditures	-	(378)	378
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ -	(378)	$ 378
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Basis Difference		-	
Perspective Difference		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(378)	
Fund Balances - Beginning of Year		4,846	
Fund Balances - End of Year		$ 4,468	

Fishermen's			Fish and Game		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	768	(768)	24,845	24,845	-
-	-	-	553	553	-
-	-	-	-	301	(301)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	54	(54)
1,647	365	1,282	24,601	8	24,593
-	-	-	38,045	29,950	8,095
-	-	-	-	1	(1)
1,647	1,133	514	88,044	55,712	32,332
-	-	-	-	-	-
-	-	-	-	-	-
1,648	1,146	502	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	76,207	61,483	14,724
-	-	-	-	-	-
-	-	-	-	-	-
1,648	1,146	502	76,207	61,483	14,724
(1)	(13)	12	11,837	(5,771)	17,608
-	-	-	4,116	4,116	-
-	-	-	(7,000)	(5,256)	(1,744)
-	-	-	(2,884)	(1,140)	(1,744)
$ (1)	(13)	$ 12	$ 8,953	(6,911)	$ 15,864
	-			3,509	
	-			-	
	-			-	
	(13)			(3,402)	
	11,847			15,067	
	$ 11,834			$ 11,665	

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 3.33**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	School		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ 21,800	$ 21,612	$ 188
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income (Loss)	-	-	-
Other Revenues	-	-	-
Restricted:			
Federal Grants in Aid	-	-	-
Other Revenues	-	-	-
Total Revenues	21,800	21,612	188
EXPENDITURES			
Current:			
General Government	-	-	-
Education	21,800	21,800	-
Health and Human Services	-	-	-
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Total Expenditures	21,800	21,800	-
Excess (Deficiency) of Revenues Over Expenditures	-	(188)	188
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ -	(188)	$ 188
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Basis Difference		-	
Perspective Difference		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(188)	
Fund Balances - Beginning of Year		9,485	
Fund Balances - End of Year		$ 9,297	

National Petroleum Reserve			Clean Air Protection		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	2,776	2,776	-
-	-	-	-	-	-
-	-	-	2	2	-
3,593	3,593	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,593	3,593	-	2,778	2,778	-
222	222	-	171	171	-
606	546	60	-	-	-
434	434	-	-	-	-
-	-	-	-	-	-
1,433	1,433	-	-	-	-
645	403	242	3,401	3,401	-
29,853	27,674	2,179	-	-	-
-	-	-	-	-	-
33,193	30,712	2,481	3,572	3,572	-
(29,600)	(27,119)	(2,481)	(794)	(794)	-
-	-	-	-	-	-
(65)	(65)	-	-	-	-
(65)	(65)	-	-	-	-
$ (29,665)	(27,184)	$ (2,481)	$ (794)	(794)	$ -
	-			-	
	22,980			-	
	-			-	
	(4,204)			(794)	
	30,777			2,178	
	$ 26,573			$ 1,384	

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 3.33**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Exxon Valdez Oil Spill Restoration		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income (Loss)	12	12	-
Other Revenues	-	-	-
Restricted:			
Federal Grants in Aid	-	-	-
Other Revenues	-	-	-
Total Revenues	12	12	-
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Law and Justice	400	-	400
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	2,653	-	2,653
Total Expenditures	3,053	-	3,053
Excess (Deficiency) of Revenues Over Expenditures	(3,041)	12	(3,053)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ (3,041)	12	$ (3,053)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Basis Difference		-	
Perspective Difference		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		12	
Fund Balances - Beginning of Year		3,897	
Fund Balances - End of Year		$ 3,909	

Alyeska Settlement Trust			Exxon Valdez Settlement Trust		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,114	(3,114)
-	27	(27)	-	25	(25)
-	-	-	5,326	-	5,326
-	-	-	583	-	583
-	-	-	-	-	-
-	27	(27)	5,909	3,139	2,770
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	13,444	4,544	8,900
-	-	-	2,376	2,376	-
-	800	(800)	-	-	-
-	800	(800)	15,820	6,920	8,900
-	(773)	773	(9,911)	(3,781)	(6,130)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	(773)	$ 773	$ (9,911)	(3,781)	$ (6,130)
	-			3,053	
	-			-	
	-			-	
	(773)			(728)	
	8,525			6,768	
	$ 7,752			$ 6,040	

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 3.33**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Mine Reclamation Trust		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Interest and Investment Income (Loss)	-	-	-
Interest and Investment Income	-	36	(36)
Other Revenues	8	-	8
Restricted:			
Federal Grants in Aid	-	-	-
Other Revenues	-	-	-
Total Revenues	8	36	(28)
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	8	6	2
Development	-	-	-
Transportation	-	-	-
Total Expenditures	8	6	2
Excess (Deficiency) of Revenues Over Expenditures	-	30	(30)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ -	30	$ (30)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Basis Difference		-	
Perspective Difference		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		30	
Fund Balances - Beginning of Year		914	
Fund Balances - End of Year		$ 944	

Funds Not Annually Budgeted		
Reclamation Bonding Pool	Northern Tobacco Securitization Corporation	Alaska Housing Capital Corporation
Actual	Actual	Actual
$ -	$ -	$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
90	-	-
-	-	-
-	-	-
-	-	-
90	-	-
-	82	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	82	-
90	(82)	-
-	87	-
-	-	-
-	87	-
90	5	-
-	-	-
-	-	-
-	-	(16,302)
90	5	(16,302)
1,577	157	577,841
$ 1,667	$ 162	$ 561,539

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 3.33**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Total Nonmajor Special Revenue Funds		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ 21,800	$ 21,612	$ 188
Licenses and Permits	27,621	28,389	(768)
Charges for Services	553	553	-
Fines and Forfeitures	2	494	(492)
Rents and Royalties	3,593	3,593	-
Premiums and Contributions	-	6,091	(6,091)
Interest and Investment Income (Loss)	12	244	(232)
Other Revenues	35,585	378	35,207
Restricted:			
Federal Grants in Aid	38,628	29,950	8,678
Other Revenues	-	1	(1)
Total Revenues	127,794	91,305	36,489
EXPENDITURES			
Current:			
General Government	393	475	(82)
Education	22,406	22,346	60
Health and Human Services	6,085	5,131	954
Law and Justice	400	-	400
Public Protection	1,433	1,433	-
Natural Resources	93,705	69,837	23,868
Development	32,229	30,050	2,179
Transportation	2,653	800	1,853
Total Expenditures	159,304	130,072	29,232
Excess (Deficiency) of Revenues Over Expenditures	(31,510)	(38,767)	7,257
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	4,116	4,203	(87)
Transfers (Out to) Other Funds	(7,065)	(5,321)	(1,744)
Total Other Financing Sources and Uses	(2,949)	(1,118)	(1,831)
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ (34,459)	(39,885)	$ 5,426
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		6,562	
Basis Difference		23,111	
Perspective Difference		(16,433)	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		(26,645)	
Fund Balances - Beginning of Year		673,879	
Fund Balances - End of Year		$ 647,234	

Nonmajor Debt Service Funds

The debt service funds account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt. The following are the State's debt service funds.

- **Alaska Fish and Game Revenue Bond Redemption Fund (Fund 14122)** – AS 37.15.770 – Accounts for accumulation of resources for, and the payment of, principal, interest, redemption premium, and related trustee fees on the Sport Fishing Revenue Bonds.

- **General Obligation Bond Redemption Fund (Fund 14050)** – Accounts for accumulation of resources for, and the payment of, principal, interest, and related costs of general obligation bonds.

- **Northern Tobacco Securitization Corporation (NTSC) Bond Redemption Fund (Fund 14120)** – AS 18.56.086 – Accounts for accumulation of resources for, and the payment of, principal, interest, and related costs of revenue bonds issued by NTSC.

STATE OF ALASKA **STATEMENT 3.41**
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2013
(Stated in Thousands)

	General Obligation Bond Redemption	Northern Tobacco Securitization Corporation	Alaska Fish and Game Revenue Bond Redemption	Total Nonmajor Debt Service Funds
ASSETS				
Cash and Investments	$ 30	$ 36,156	$ 6,710	$ 42,896
Due from Other Funds	-	-	691	691
Total Assets	30	36,156	7,401	43,587
Total Assets	$ 30	$ 36,156	$ 7,401	$ 43,587
LIABILITIES	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
FUND BALANCES				
Restricted for:				
Debt Service	30	36,156	7,401	43,587
Total Fund Balances	30	36,156	7,401	43,587
Total Liabilities and Fund Balances	$ 30	$ 36,156	$ 7,401	$ 43,587

STATE OF ALASKA **STATEMENT 3.42**
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	General Obligation Bond Redemption	Northern Tobacco Securitization Corporation	Alaska Fish and Game Revenue Bond Redemption	Total Nonmajor Debt Service Funds
REVENUES				
Interest and Investment Income (Loss)	$ 30	$ 104	$ -	$ 134
Federal Grants in Aid	11,948	-	-	11,948
Other Revenues	-	23,990	-	23,990
Total Revenues	11,978	24,094	-	36,072
EXPENDITURES				
Debt Service:				
Principal	55,165	6,645	5,600	67,410
Interest and Other Charges	25,921	17,542	2,145	45,608
Total Expenditures	81,086	24,187	7,745	113,018
Excess (Deficiency) of Revenues Over Expenditures	(69,108)	(93)	(7,745)	(76,946)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	67,301	-	7,125	74,426
Transfers (Out to) Other Funds	-	(87)	-	(87)
Total Other Financing Sources and Uses	67,301	(87)	7,125	74,339
Net Change in Fund Balances	(1,807)	(180)	(620)	(2,607)
Fund Balances - Beginning of Year	1,837	36,336	8,021	46,194
Fund Balances - End of Year	$ 30	$ 36,156	$ 7,401	$ 43,587

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Nonmajor Capital Projects Funds

The capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The following are the State's capital projects funds.

- **2008 Transportation Project Fund (GO Bonds) (Fund 13113)** – Chapter 30, SLA 2008 – This fund consists of the proceeds from the sale of $165,000,000 of general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.
- **2010 Education Project Fund (GO Bonds) (Fund 13225)** – Chapter 95, SLA 2010 – This fund consists of the proceeds from the sale of $375,560,000 of general obligation bonds in 2010 and 2013, and is to be used for the purpose of paying the cost of state education projects.
- **2012 Transportation Project Fund (GO Bonds) (Fund 13325)** – Chapter 18, SLA 2012 – This fund consists of the proceeds from the sale of $312,125,000 of general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.
- **Accelerated Alaska Transportation Projects Fund (Fund 13110)** – Chapter 114, SLA 2002 – This fund consists of the proceeds from the sale of $102,805,000 of general obligation bonds, and is to be used for the purpose of paying the cost of State transportation projects that qualify for federal highway aid.
- **Alaska Sport Fishing Construction Account (Fund 13220)** – AS 16.05.130(f) – This fund consists of the proceeds from the sale of $58,060,000 of Sport Fishing Revenue Bonds and General Fund money appropriated by the legislature. The purpose of the fund is to finance the construction and renovation of fisheries rehabilitation, enhancement, and development projects that benefit sport fishing.
- **Educational and Museum Facility Design, Construction, and Major Maintenance Fund (GO Bonds) (Fund 13112)** – Chapter 2, SSSLA 2002 – This fund consists of the proceeds from the sale of $235,215,500 of general obligation bonds, and is to be used for the purpose of paying the cost of design, construction, and major maintenance of educational and museum facilities.
- **Transportation Projects Fund (GO Bonds) (Fund 13111)** – Chapter 114, SLA 2002 – This fund consists of the proceeds from the sale of $123,914,500 of general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.

STATE OF ALASKA **STATEMENT 3.51**
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013
(Stated in Thousands)

	Accelerated Alaska Transportation Projects	Transportation Projects	Educational and Museum Facility Design, Construction, and Major Maintenance
ASSETS			
Cash and Investments	$ -	$ -	$ -
Accounts Receivable - Net	-	-	-
Due from Other Funds	-	-	-
Other Assets	-	-	-
Total Assets	-	-	-
Total Assets	$ -	$ -	$ -
LIABILITIES			
Accounts Payable and Accrued Liabilities	$ -	$ -	$ -
Due to Other Funds	-	-	-
Due to Component Units	-	-	-
Total Liabilities	-	-	-
FUND BALANCES			
Restricted for:			
Education	-	-	-
Development	-	-	-
Total Fund Balances	-	-	-
Total Liabilities and Fund Balances	$ -	$ -	$ -

Alaska Sport Fishing Construction Account	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Funds
$ 392	$ 35,008	$ 158,117	$ 151,047	$ 344,564
-	-	-	18	18
-	186	4	-	190
-	-	2	-	2
392	35,194	158,123	151,065	344,774
$ 392	$ 35,194	$ 158,123	$ 151,065	$ 344,774
$ -	$ 38	$ 2,773	$ 305	$ 3,116
4	7,850	5,065	510	13,429
-	-	5,365	-	5,365
4	7,888	13,203	815	21,910
-	-	144,920	-	144,920
388	27,306	-	150,250	177,944
388	27,306	144,920	150,250	322,864
$ 392	$ 35,194	$ 158,123	$ 151,065	$ 344,774

STATE OF ALASKA **STATEMENT 3.52**
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Accelerated Alaska Transportation Projects	Transportation Projects	Educational and Museum Facility Design, Construction, and Major Maintenance
REVENUES			
Interest and Investment Income (Loss)	$ -	$ -	$ -
Total Revenues	-	-	-
EXPENDITURES			
Current:			
Education	-	-	-
University	-	-	-
Natural Resources	-	-	-
Transportation	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Bonds Issued	-	-	-
Bonds Issued Premium	-	-	-
Transfers (Out to) Other Funds	(472)	(585)	(98)
Total Other Financing Sources and Uses	(472)	(585)	(98)
Net Change in Fund Balances	(472)	(585)	(98)
Fund Balances - Beginning of Year	472	585	98
Fund Balances - End of Year	$ -	$ -	$ -

Alaska Sport Fishing Construction Account	2008 Transportation Projects	2010 Education Projects	2012 Transportation Projects	Total Nonmajor Capital Projects Funds
$ 13	$ 139	$ 228	$ (7)	$ 373
13	139	228	(7)	373
-	-	50,889	-	50,889
-	-	97,948	-	97,948
1,364	-	8,328	-	9,692
-	39,787	-	1,856	41,643
1,364	39,787	157,165	1,856	200,172
(1,351)	(39,648)	(156,937)	(1,863)	(199,799)
-	-	162,480	149,645	312,125
-	-	33,870	2,468	36,338
(1,869)	(372)	(616)	-	(4,012)
(1,869)	(372)	195,734	152,113	344,451
(3,220)	(40,020)	38,797	150,250	144,652
3,608	67,326	106,123	-	178,212
$ 388	$ 27,306	$ 144,920	$ 150,250	$ 322,864

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Nonmajor Enterprise Funds

Enterprise funds account for business-like state activities that provide goods and/or services to the public and are financed primarily through user charges. The following are the State's non-major enterprise funds.

COMMERCIAL ASSISTANCE ENTERPRISE FUNDS

- **Alaska Capstone Avionics Revolving Loan Fund (Fund 21628)** – AS 44.33.655 – Administered by the Department of Commerce, Community, and Economic Development (DCCED). The purpose of this fund is to provide low interest loans to qualified applicants for the purpose of purchasing and installing capstone avionics equipment, to increase the safety of air carrier, air taxi and general aviation intrastate air transportation.

- **Alaska Microloan Revolving Loan Fund (Fund 21629)** – AS 44.33.950 – Administered by DCCED. The purpose of this fund is to make loans to be used for working capital, equipment, construction or other commercial purposes by a business located in the state.

- **Alaska World War II Veterans' Revolving Loan Fund (Fund 21605)** – AS 26.15.090 – Administered by DCCED. The fund was created for the purpose of making home, education, or personal loans to eligible veterans. However, no loans are currently being made from the fund.

- **Commercial Charter Fisheries Revolving Loan Fund (Fund 21632)** – AS 16.10.801 – Administered by DCCED. The purpose of this fund is to make loans for the purchase of charter halibut permits and to refinance debt obligations for the purchase of halibut fishing vessels or gear.

- **Commercial Fishing Revolving Loan Fund (Fund 21608)** – AS 16.10.340 – Administered by DCCED. The purpose of this fund is to promote the development and continued maintenance of commercial fishing gear and vessels by means of long-term, low interest loans.

- **Community Quota Entity Revolving Loan Fund (Fund 21633)** – AS 16.10.345 – Administered by DCCED. The purpose of this fund is to make loans for the purchase of fishing quota shares by a community quota entity eligible under federal statute or regulation to purchase the fishing quota shares if the entity is not eligible or qualified for financing from other recognized commercial lending institutions.

- **Fisheries Enhancement Revolving Loan Fund (Fund 21615)** – AS 16.10.505 – Administered by DCCED. The purpose of this fund is to promote the enhancement of the State's fisheries by means of long-term, low interest loans for hatchery planning, construction, and operation.

- **Historical District Revolving Loan Fund (Fund 21614)** – AS 45.98.010 – Administered by DCCED. The purpose of this fund is to make loans for the restoration or rehabilitation of structures within the boundaries of a historical district. These structures are identified as important to state or national history and are suitable for superficial modification to conform to the period or motif of the surrounding area.

- **Mariculture Revolving Loan Fund (Fund 21634)** – AS 16.10.900 – Administered by DCCED. The purpose of this fund is to make loans to eligible applicants for the planning, construction and operation of a mariculture business.

- **Mining Revolving Loan Fund (Fund 21625)** – AS 27.09.010 – Administered by DCCED. This fund consists of money appropriated by the legislature for loans to underwrite advanced mineral exploration, development, or mining.

ENERGY ASSISTANCE ENTERPRISE FUNDS

- **Alternative Energy Conservation Revolving Loan Fund (Fund 21619)** – AS 45.88.010 – Administered by DCCED. This fund consists of monies appropriated by the legislature for the purpose of developing energy production utilizing one or more alternative energy systems and to purchase, construct, and install energy conservation improvements in commercial buildings.

- **Bulk Fuel Revolving Loan Fund (Fund 21624)** – AS 42.45.250 – Administered by DCCED. The purpose of this fund is to assist communities, utilities providing power in communities, fuel retailers, and other persons in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities.

- **Residential Energy Conservation Fund (Fund 21623)** – AS 45.88.100 – Administered by DCCED. This fund consists of money appropriated by the legislature for grants and loans to purchase, construct, or install energy conservation improvements.

OTHER AGENCIES ENTERPRISE FUNDS

- **Agricultural Revolving Loan Fund (Fund 21606)** – AS 03.10.040 – Administered by the Department of Natural Resources. The purpose of this fund is to promote the development of agriculture as an industry throughout the State by means of long-term, low interest loans.

- **Alaska Clean Water Fund (Fund 21658)** – AS 46.03.032 – Administered by the Department of Environmental Conservation. The fund consists of money appropriated by the legislature to meet federal matching requirements for public water and sewage treatment facilities and to provide financial assistance for this purpose.

- **Alaska Drinking Water Fund (Fund 21659)** – AS 46.03.036 – Administered by the Department of Environmental Conservation. The fund consists of federal capitalization grants. The capitalization grants are divided between two purposes: (1) part of each capitalization grant is to be deposited into the fund for providing loans for drinking water infrastructure projects; (2) the other part is to be used or set aside for non-project activities.

- **Alcoholism and Drug Abuse Revolving Loan Fund (Fund 21642)** – AS 44.29.210 – Administered by the Department of Health and Social Services. This fund is required under 42 U.S.C. 300x-25 to qualify the State to receive block grant money from the United States Department of Health and Human Services under 42 U.S.C. 300x-21. Money in the fund may be used to make loans to private nonprofit organizations for the cost of establishing programs to help pay the living expenses of individuals recovering from alcohol or drug abuse who may reside in group homes.

- **Knik Arm Bridge and Toll Authority (Fund 21680)** – AS 19.75.021 – Administered by the Department of Transportation and Public Facilities. This fund is to be used for the purpose of developing public transportation systems in the vicinity of Upper Cook Inlet with the construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. These monies may be used to own, acquire, construct, develop, create, reconstruct, equip, operate, maintain, extend, and improve the Knik Arm Bridge and its appurtenant facilities. The authority can fix and collect fees, rents, tolls, rates or other charges for the use of the bridge and its facilities which would become revenue to the fund.

- **Unemployment Compensation Fund (Fund 33030)** – AS 23.20.130 – Administered by the Department of Labor and Workforce Development. This federal trust fund is established and maintained in the United States Treasury. It is used to account for unemployment contributions from employers and unemployment benefits paid to eligible claimants.

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STATE OF ALASKA **STATEMENT 4.01**
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2013
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 113,092	$ 19,774	$ 458,309	$ 591,175
Accounts Receivable - Net	-	-	27,213	27,213
Interest and Dividends Receivable	4,269	27	1,964	6,260
Due from Other Funds	-	-	934	934
Due from Other Governments	-	-	762	762
Loans, Notes, and Bonds Receivable	7,693	1,859	17,215	26,767
Total Current Assets	125,054	21,660	506,397	653,111
Noncurrent Assets:				
Interest and Dividends Receivable	10,758	-	-	10,758
Loans, Notes, and Bonds Receivable	110,545	4,310	258,019	372,874
Repossessed Property	76	-	539	615
Investment in Projects, Partnerships, or Corporations	-	-	2,787	2,787
Other Noncurrent Assets	-	-	3,969	3,969
Capital Assets:				
Construction in Progress	-	-	56,605	56,605
Total Noncurrent Assets	121,379	4,310	321,919	447,608
Total Assets	246,433	25,970	828,316	1,100,719
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	148	593	4,620	5,361
Due to Other Funds	321	-	1,342	1,663
Due to Other Governments	-	-	2,594	2,594
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	36	36
Other Current Liabilities	-	-	417	417
Total Current Liabilities	469	593	9,009	10,071
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	171	171
Total Noncurrent Liabilities	-	-	171	171
Total Liabilities	469	593	9,180	10,242
NET POSITION				
Net Investment in Capital Assets	-	-	56,605	56,605
Restricted for:				
Unemployment Compensation	-	-	311,084	311,084
Health and Human Services	-	-	426,194	426,194
Other Purposes	-	-	219	219
Unrestricted	245,964	25,377	25,034	296,375
Total Net Position	$ 245,964	$ 25,377	$ 819,136	$ 1,090,477

STATE OF ALASKA **STATEMENT 4.02**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Premiums and Contributions	$ -	$ -	$ 237,694	$ 237,694
Charges for Goods and Services	211	-	1,366	1,577
Interest and Investment Income	6,117	90	3,347	9,554
Allowance for Uncollectible Interest	979	-	-	979
Fines and Forfeitures	29	-	6	35
Federal Reimbursements	-	-	80,145	80,145
Total Operating Revenues	7,336	90	322,558	329,984
OPERATING EXPENSES				
Benefits	-	-	258,709	258,709
Operating	4,586	-	4,123	8,709
Depreciation	-	-	12	12
Provision for Loan Losses and Forgiveness	505	158	-	663
Total Operating Expenses	5,091	158	262,844	268,093
Operating Income (Loss)	2,245	(68)	59,714	61,891
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	40	20	7,495	7,555
Interest and Investment Expense	-	-	(15)	(15)
Gain (Loss) on Disposal of Capital Assets	-	-	204	204
Payments In from Component Units	-	15,873	-	15,873
Other Nonoperating Revenues (Expenses)	-	-	861	861
Total Nonoperating Revenues (Expenses)	40	15,893	8,545	24,478
Income Before Capital Contributions and Transfers	2,285	15,825	68,259	86,369
Capital Contributions	-	-	19,820	19,820
Transfers In from Other Funds	22,500	-	37	22,537
Transfers (Out to) Other Funds	(17)	-	(3,645)	(3,662)
Change in Net Position	24,768	15,825	84,471	125,064
Total Net Position - Beginning of Year	221,196	9,552	734,665	965,413
Total Net Position - End of Year	$ 245,964	$ 25,377	$ 819,136	$ 1,090,477

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$ -	$ -	$ 80,697	$ 80,697
Receipts from Customers	26	-	5	31
Receipt of Principal from Loan Recipients	14,110	11,291	24,991	50,392
Receipt of Interest and Fees from Loan Recipients	9,688	85	4,241	14,014
Receipts from Insured	-	-	231,877	231,877
Payments to Employees	-	-	(808)	(808)
Payments to Suppliers	-	-	(1,768)	(1,768)
Payments to Other Governments	-	-	(39)	(39)
Payments to Loan Recipients	(20,330)	(8,529)	(24,458)	(53,317)
Claims Paid	-	-	(259,547)	(259,547)
Payments for Interfund Services Used	(4,633)	(2)	(518)	(5,153)
Other Receipts	40	2	44	86
Other Payments	(45)	-	(855)	(900)
Net Cash Provided (Used) by Operating Activities	(1,144)	2,847	53,862	55,565
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	(15)	1	(5,818)	(5,832)
Operating Subsidies and Transfers In from Other Funds	22,500	-	633	23,133
Payments In from Component Units	-	9,231	-	9,231
Federal Grants	-	-	17,702	17,702
Proceeds from Issuance of Short-term Debt	-	-	3,489	3,489
Payments on Short-term Debt	-	-	(3,489)	(3,489)
Interest and Fees Paid on Borrowing	-	-	(5)	(5)
Net Cash Provided (Used) by Noncapital Financing Activities	22,485	9,232	12,512	44,229
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	-	-	428	428
Proceeds from Sales of Capital Assets	-	-	204	204
Acquisition and Construction of Capital Assets	-	-	(4,727)	(4,727)
Interest and Fees Paid on Capital Debt	-	-	(29)	(29)
Federal Grants	-	-	4,328	4,328
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	204	204
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	-	-	15	15
Interest and Dividends on Investments	40	17	7,481	7,538
Change in Restricted Cash and Investments	-	-	34	34
Net Cash Provided (Used) by Investing Activities	40	17	7,530	7,587
Net Increase (Decrease) in Cash	21,381	12,096	74,108	107,585
Cash and Cash Equivalents - Beginning of Year	91,711	7,678	384,201	483,590
Cash and Cash Equivalents - End of Year	$ 113,092	$ 19,774	$ 458,309	$ 591,175

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 2,245	$ (68)	$ 59,714	$ 61,891
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	-	12	12
Provision for Loan Losses and Forgiveness	(3)	158	-	155
Other Reconciling Items	-	-	78	78
Net Changes in Assets and Liabilities:				
Accounts Receivable - Net	-	-	(6,230)	(6,230)
Due from Other Funds	-	143	224	367
Due from Other Governments	-	-	48	48
Loans, Notes, and Bonds Receivable - Net	(5,977)	2,030	506	(3,441)
Repossessed Property	(28)	-	41	13
Investment in Projects, Partnerships, or Corporations	-	-	44	44
Interest and Dividends Receivable - Net	2,576	(5)	(287)	2,284
Other Assets	-	-	30	30
Due to Other Funds	47	-	(74)	(27)
Due to Other Governments	-	-	(203)	(203)
Accounts Payable and Accrued Liabilities	(4)	589	(152)	433
Other Liabilities	-	-	111	111
Net Cash Provided (Used) by Operating Activities	$ (1,144)	$ 2,847	$ 53,862	$ 55,565
Reconciliation of Cash to the Statement of Net Position:				
Total Cash and Investments per the Statement of Net Position	$ 113,092	$ 19,774	$ 458,309	$ 591,175
Cash, End of Year	$ 113,092	$ 19,774	$ 458,309	$ 591,175
Noncash Investing, Capital, and Financing Activities:				
Contributed Capital Assets	-	-	426	426
Net Income (Loss) on Investment	24	9	-	33
Payments In from Component Units	-	6,642	-	6,642
Transfers (Out to) Other Funds (Accrual)	(263)	(2)	-	(265)
Transfers In from Other Funds (Accrual)	-	1	-	1

STATE OF ALASKA **STATEMENT 4.11**
Combining Statement of Net Position
Commercial Assistance Enterprise Funds
June 30, 2013
(Stated in Thousands)

	Alaska World War II Veterans' Revolving Loan	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan
ASSETS				
Current Assets:				
Cash and Investments	$ -	$ 2,444	$ 23,888	$ 5,000
Interest and Dividends Receivable	-	-	2,746	-
Loans, Notes, and Bonds Receivable	-	10	6,971	-
Total Current Assets	-	2,454	33,605	5,000
Noncurrent Assets:				
Interest and Dividends Receivable	-	-	1,328	-
Loans, Notes, and Bonds Receivable	-	47	69,702	-
Repossessed Property	-	-	76	-
Total Noncurrent Assets	-	47	71,106	-
Total Assets	-	2,501	104,711	5,000
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	-	-	148	-
Due to Other Funds	-	-	297	-
Total Current Liabilities	-	-	445	-
Total Liabilities	-	-	445	-
NET POSITION				
Unrestricted	-	2,501	104,266	5,000
Total Net Position	$ -	$ 2,501	$ 104,266	$ 5,000

Historical District Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Community Quota Entity Revolving Loan	Mariculture Revolving Loan	Total Commercial Assistance Enterprise Funds
$ 65	$ 61,686	$ 202	$ 4,836	$ 9,971	$ 5,000	$ 113,092
-	1,513	-	10	-	-	4,269
8	657	-	47	-	-	7,693
73	63,856	202	4,893	9,971	5,000	125,054
-	9,430	-	-	-	-	10,758
4	40,449	-	343	-	-	110,545
-	-	-	-	-	-	76
4	49,879	-	343	-	-	121,379
77	113,735	202	5,236	9,971	5,000	246,433
-	-	-	-	-	-	148
15	7	2	-	-	-	321
15	7	2	-	-	-	469
15	7	2	-	-	-	469
62	113,728	200	5,236	9,971	5,000	245,964
$ 62	$ 113,728	$ 200	$ 5,236	$ 9,971	$ 5,000	$ 245,964

STATE OF ALASKA **STATEMENT 4.12**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Commercial Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Alaska World War II Veterans' Revolving Loan	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan
OPERATING REVENUES				
Charges for Goods and Services	$ -	$ -	$ 200	$ -
Interest and Investment Income	-	-	3,715	14
Allowance for Uncollectible Interest	-	-	(10)	-
Fines and Forfeitures	-	-	29	-
Total Operating Revenues	-	-	3,934	14
OPERATING EXPENSES				
Operating	-	7	3,789	14
Provision for Loan Losses and Forgiveness	234	2	306	-
Total Operating Expenses	234	9	4,095	14
Operating Income (Loss)	(234)	(9)	(161)	-
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	-	10	-	-
Total Nonoperating Revenues (Expenses)	-	10	-	-
Income Before Capital Contributions and Transfers	(234)	1	(161)	-
Transfers In from Other Funds	-	2,500	-	5,000
Transfers (Out to) Other Funds	-	-	-	-
Change in Net Position	(234)	2,501	(161)	5,000
Total Net Position - Beginning of Year	234	-	104,427	-
Total Net Position - End of Year	$ -	$ 2,501	$ 104,266	$ 5,000

Historical District Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Community Quota Entity Revolving Loan	Mariculture Revolving Loan	Total Commercial Assistance Enterprise Funds
$ -	$ 11	$ -	$ -	$ -	$ -	$ 211
2	2,369	-	17	-	-	6,117
-	989	-	-	-	-	979
-	-	-	-	-	-	29
2	3,369	-	17	-	-	7,336
-	708	-	24	29	15	4,586
-	(35)	(2)	-	-	-	505
-	673	(2)	24	29	15	5,091
2	2,696	2	(7)	(29)	(15)	2,245
-	-	-	15	-	15	40
-	-	-	15	-	15	40
2	2,696	2	8	(29)	-	2,285
-	-		-	10,000	5,000	22,500
(15)	-	(2)	-	-	-	(17)
(13)	2,696	-	8	9,971	5,000	24,768
75	111,032	200	5,228	-	-	221,196
$ 62	$ 113,728	$ 200	$ 5,236	$ 9,971	$ 5,000	$ 245,964

STATE OF ALASKA **STATEMENT 4.13**
Combining Statement of Cash Flows
Commercial Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Alaska World War II Veterans' Revolving Loan	Alaska Microloan Revolving Loan	Commercial Fishing Revolving Loan	Commercial Charter Fisheries Revolving Loan
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	$ -	$ -	$ 26	$ -
Receipts of Principal from Loan Recipients	-	-	10,809	-
Receipt of Interest and Fees from Loan Recipients	-	-	3,793	-
Payments to Loan Recipients	-	(59)	(14,009)	-
Payments for Interfund Services Used	-	(7)	(3,904)	(14)
Other Receipts	-	-	26	14
Other Payments	-	-	(45)	-
Net Cash Provided (Used) by Operating Activities	-	(66)	(3,304)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	-	-	-	-
Operating Subsidies and Transfers In from Other Funds	-	2,500	-	5,000
Net Cash Provided (Used) by Noncapital Financing Activities	-	2,500	-	5,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends on Investments	-	10	-	-
Net Cash Provided (Used) by Investing Activities	-	10	-	-
Net Increase (Decrease) in Cash	-	2,444	(3,304)	5,000
Cash and Cash Equivalents - Beginning of Year	-	-	27,192	-
Cash and Cash Equivalents - End of Year	$ -	$ 2,444	$ 23,888	$ 5,000
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (234)	$ (9)	$ (161)	$ -
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Provision for Loan Losses and Forgiveness	-	-	-	-
Net Changes in Assets and Liabilities:				
Loans, Notes and Bonds Receivable - Net	-	(57)	(3,011)	-
Repossessed Property	-	-	(28)	-
Interest and Dividends Receivable - Net	-	-	58	-
Due to Other Funds	234	-	(158)	-
Accounts Payable and Accrued Liabilities	-	-	(4)	-
Net Cash Provided (Used) by Operating Activities	$ -	$ (66)	$ (3,304)	$ -
Reconciliation of Cash to the Statement of Net Position:				
Total Cash and Investments per the Statement of Net Position	$ -	$ 2,444	$ 23,888	$ 5,000
Cash, End of Year	$ -	$ 2,444	$ 23,888	$ 5,000
Noncash Investing, Capital, and Financing Activities:				
Net Income (Loss) on Investment	-	-	-	14
Transfers (Out to) Other Funds (Accrual)	(234)	-	-	(14)

Historical District Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Community Quota Entity Revolving Loan	Mariculture Revolving Loan	Total Commercial Assistance Enterprise Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 26
13	3,121	-	167	-	-	14,110
2	5,872	-	21	-	-	9,688
-	(6,230)	-	(32)	-	-	(20,330)
(31)	(601)	(3)	(29)	(29)	(15)	(4,633)
-	-	-	-	-	-	40
-	-	-	-	-	-	(45)
(16)	2,162	(3)	127	(29)	(15)	(1,144)
(15)	-	-	-	-	-	(15)
-	-	-	-	10,000	5,000	22,500
(15)	-	-	-	10,000	5,000	22,485
-	-	-	15	-	15	40
-	-	-	15	-	15	40
(31)	2,162	(3)	142	9,971	5,000	21,381
96	59,524	205	4,694	-	-	91,711
$ 65	$ 61,686	$ 202	$ 4,836	$ 9,971	$ 5,000	$ 113,092
$ 2	$ 2,696	$ 2	$ (7)	$ (29)	$ (15)	$ 2,245
-	-	2	(5)	-	-	(3)
13	(3,055)	(2)	135	-	-	(5,977)
-	-	-	-	-	-	(28)
-	2,514	-	4	-	-	2,576
(31)	7	(5)	-	-	-	47
-	-	-	-	-	-	(4)
$ (16)	$ 2,162	$ (3)	$ 127	$ (29)	$ (15)	$ (1,144)
$ 65	$ 61,686	$ 202	$ 4,836	$ 9,971	$ 5,000	$ 113,092
$ 65	$ 61,686	$ 202	$ 4,836	$ 9,971	$ 5,000	$ 113,092
2	-	-	8	-	-	24
(15)	-	-	-	-	-	(263)

STATE OF ALASKA **STATEMENT 4.21**
Combining Statement of Net Position
Energy Assistance Enterprise Funds
June 30, 2013
(Stated in Thousands)

	Alternative Energy Conservation Revolving Loan	Residential Energy Conservation	Bulk Fuel Revolving Loan	Total Energy Assistance Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 2,678	$ -	$ 17,096	$ 19,774
Interest and Dividends Receivable	-	-	27	27
Loans, Notes, and Bonds Receivable	-	-	1,859	1,859
Total Current Assets	2,678	-	18,982	21,660
Noncurrent Assets:				
Loans, Notes, and Bonds Receivable	-	-	4,310	4,310
Total Noncurrent Assets	-	-	4,310	4,310
Total Assets	2,678	-	23,292	25,970
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	-	-	593	593
Total Current Liabilities	-	-	593	593
Total Liabilities	-	-	593	593
NET POSITION				
Unrestricted	2,678	-	22,699	25,377
Total Net Position	$ 2,678	$ -	$ 22,699	$ 25,377

STATE OF ALASKA **STATEMENT 4.22**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Energy Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Alternative Energy Conservation Revolving Loan	Residential Energy Conservation	Bulk Fuel Revolving Loan	Total Energy Assistance Enterprise Funds
OPERATING REVENUES				
Interest and Investment Income	$ -	$ -	$ 90	$ 90
Total Operating Revenues	-	-	90	90
OPERATING EXPENSES				
Provision for Loan Losses and Forgiveness	-	-	158	158
Total Operating Expenses	-	-	158	158
Operating Income (Loss)	-	-	(68)	(68)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	10	-	10	20
Payments In from Component Units	-	-	15,873	15,873
Total Nonoperating Revenues (Expenses)	10	-	15,883	15,893
Income Before Capital Contributions and Transfers	10	-	15,815	15,825
Change in Net Position	10	-	15,815	15,825
Total Net Position - Beginning of Year	2,668	-	6,884	9,552
Total Net Position - End of Year	$ 2,678	$ -	$ 22,699	$ 25,377

STATE OF ALASKA **STATEMENT 4.23**
Combining Statement of Cash Flows
Energy Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Alternative Energy Conservation Revolving Loan	Residential Energy Conservation	Bulk Fuel Revolving Loan	Total Energy Assistance Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts of Principal from Loan Recipients	$ -	$ -	$ 11,291	$ 11,291
Receipt of Interest and Fees from Loan Recipients	-	-	85	85
Payments to Loan Recipients	-	-	(8,529)	(8,529)
Payments for Interfund Services Used	-	(2)	-	(2)
Other Receipts	-	2	-	2
Net Cash Provided (Used) by Operating Activities	-	-	2,847	2,847
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	1	-	-	1
Payments In from Component Units	-	-	9,231	9,231
Net Cash Provided (Used) by Noncapital Financing Activities	1	-	9,231	9,232
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends on Investments	9	(2)	10	17
Net Cash Provided (Used) by Investing Activities	9	(2)	10	17
Net Increase (Decrease) in Cash	10	(2)	12,088	12,096
Cash and Cash Equivalents - Beginning of Year	2,668	2	5,008	7,678
Cash and Cash Equivalents - End of Year	$ 2,678	$ -	$ 17,096	$ 19,774
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ -	$ -	$ (68)	$ (68)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Provision for Loan Losses and Forgiveness	-	-	158	158
Net Changes in Assets and Liabilities:				
Due from Other Funds	-	-	143	143
Loans, Notes, and Bonds Receivable - Net	-	-	2,030	2,030
Interest and Dividends Receivable - Net	-	-	(5)	(5)
Accounts Payable and Accrued Liabilities	-	-	589	589
Net Cash Provided (Used) by Operating Activities	$ -	$ -	$ 2,847	$ 2,847
Reconciliation of Cash to the Statement of Net Position:				
Total Cash and Investments per the Statement of Net Position	$ 2,678	$ -	$ 17,096	$ 19,774
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	-	-	-	-
Cash, End of Year	$ 2,678	$ -	$ 17,096	$ 19,774
Noncash Investing, Capital, and Financing Activities:				
Net Income (Loss) on Investment	9	-	-	9
Payments In from Component Units	-	-	6,642	6,642
Transfers (Out to) Other Funds (Accrual)	-	(2)	-	(2)
Transfers In from Other Funds (Accrual)	1	-	-	1

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STATE OF ALASKA **STATEMENT 4.31**
Combining Statement of Net Position
Other Agencies Enterprise Funds
June 30, 2013
(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
ASSETS			
Current Assets:			
Cash and Investments	$ 219	$ 6,357	$ 115,764
Accounts Receivable - Net	-	37	535
Interest and Dividends Receivable	-	109	1,023
Due from Other Funds	-	-	-
Due from Other Governments	-	-	330
Loans, Notes, and Bonds Receivable	-	697	8,504
Total Current Assets	219	7,200	126,156
Noncurrent Assets:			
Loans, Notes, and Bonds Receivable	-	10,815	122,010
Repossessed Property	-	539	-
Investment in Projects, Partnerships, or Corporations	-	2,787	-
Other Noncurrent Assets	-	1,286	-
Capital Assets:		-	
Construction in Progress	-	-	-
Total Noncurrent Assets	-	15,427	122,010
Total Assets	219	22,627	248,166
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	-	36	169
Due to Other Funds	-	33	383
Due to Other Governments	-	-	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	36	-
Other Current Liabilities	-	-	-
Total Current Liabilities	-	105	552
Noncurrent Liabilities:			
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	171	-
Total Noncurrent Liabilities	-	171	-
Total Liabilities	-	276	552
NET POSITION			
Net Investment in Capital Assets	-	-	-
Restricted for:			
Unemployment Compensation	-	-	-
Health and Human Services	-	-	247,614
Other Purposes	219	-	-
Unrestricted	-	22,351	-
Total Net Position	$ 219	$ 22,351	$ 247,614

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
$ 44,079	$ -	$ 291,890	$ 458,309
418	-	26,223	27,213
832	-	-	1,964
54	801	79	934
3	-	429	762
8,014	-	-	17,215
53,400	801	318,621	506,397
125,194	-	-	258,019
-	-	-	539
-	-	-	2,787
-	2,683	-	3,969
-	56,605	-	56,605
125,194	59,288	-	321,919
178,594	60,089	318,621	828,316
14	624	3,777	4,620
-	-	926	1,342
-	-	2,594	2,594
-	-	-	36
-	177	240	417
14	801	7,537	9,009
-	-	-	171
-	-	-	171
14	801	7,537	9,180
-	56,605	-	56,605
-	-	311,084	311,084
178,580	-	-	426,194
-	-	-	219
-	2,683	-	25,034
$ 178,580	$ 59,288	$ 311,084	$ 819,136

STATE OF ALASKA **STATEMENT 4.32**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Other Agencies Enterprise Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
OPERATING REVENUES			
Premiums and Contributions	$ -	$ -	$ -
Charges for Goods and Services	-	10	693
Interest and Investment Income	-	619	1,389
Fines and Forfeitures	-	6	-
Federal Reimbursements	-	-	-
Total Operating Revenues	-	635	2,082
OPERATING EXPENSES			
Benefits	-	-	-
Operating	-	1,225	-
Depreciation	-	12	-
Total Operating Expenses	-	1,237	-
Operating Income (Loss)	-	(602)	2,082
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	1	15	329
Interest and Investment Expense	-	(10)	(2)
Gain (Loss) on Disposal of Capital Assets	-	204	-
Other Nonoperating Revenues (Expenses)	-	(157)	(1,195)
Total Nonoperating Revenues (Expenses)	1	52	(868)
Income Before Capital Contributions and Transfers	1	(550)	1,214
Capital Contributions	-	-	12,994
Transfers In from Other Funds	-	37	-
Transfers (Out to) Other Funds	-	-	-
Change in Net Position	1	(513)	14,208
Total Net Position - Beginning of Year	218	22,864	233,406
Total Net Position - End of Year	$ 219	$ 22,351	$ 247,614

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
$ -	$ -	$ 237,694	$ 237,694
663	-	-	1,366
1,339	-	-	3,347
-	-	-	6
-	-	80,145	80,145
2,002	-	317,839	322,558
-	-	258,709	258,709
-	2,898	-	4,123
-	-	-	12
-	2,898	258,709	262,844
2,002	(2,898)	59,130	59,714
115	-	7,035	7,495
(3)	-	-	(15)
-	-	-	204
(686)	2,899	-	861
(574)	2,899	7,035	8,545
1,428	1	66,165	68,259
2,853	3,973	-	19,820
-	-	-	37
-	-	(3,645)	(3,645)
4,281	3,974	62,520	84,471
174,299	55,314	248,564	734,665
$ 178,580	$ 59,288	$ 311,084	$ 819,136

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Other Governments	$ -	$ -	$ 552
Receipts from Customers	-	5	-
Receipts of Principal from Loan Recipients	-	2,533	13,037
Receipt of Interest and Fees from Loan Recipients	-	627	1,759
Receipts from Insured	-	-	-
Payments to Employees	-	(125)	-
Payments to Suppliers	-	(188)	-
Payments to Other Governments	-	-	-
Payments to Loan Recipients	-	(832)	(16,923)
Claims Paid	-	-	-
Payments for Interfund Services Used	-	-	-
Other Receipts	-	44	-
Other Payments	-	(855)	-
Net Cash Provided (Used) by Operating Activities	-	1,209	(1,575)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds	-	(292)	(1,195)
Operating Subsidies and Transfers In from Other Funds	-	37	-
Federal Grants	-	-	12,664
Proceeds from Issuance of Short-term Debt	-	-	1,689
Payments on Short-term Debt	-	-	(1,689)
Interest and Fees Paid on Borrowing	-	-	(2)
Net Cash Provided (Used) by Noncapital Financing Activities	-	(255)	11,467
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	-	-	-
Proceeds from Sales of Capital Assets	-	204	-
Acquisition and Construction of Capital Assets	-	-	-
Interest and Fees Paid on Capital Debt	-	-	-
Federal Grants	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	204	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales/Maturities of Investments	-	15	-
Interest and Dividends on Investments	1	-	329
Change in Restricted Cash and Investments	-	34	-
Net Cash Provided (Used) by Investing Activities	1	49	329
Net Increase (Decrease) in Cash	1	1,207	10,221
Cash and Cash Equivalents - Beginning of Year	218	5,150	105,543
Cash and Cash Equivalents - End of Year	$ 219	$ 6,357	$ 115,764
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ -	$ (602)	$ 2,082
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	-	12	-
Provision for Loan Losses and Forgiveness			
Other Reconciling Items	-	78	-
Net Changes in Assets and Liabilities:			
Accounts Receivable - Net	-	(2)	(118)
Due From Other Funds	-	-	-
Due From Other Governments	-	-	-
Loans, Notes and Bonds Receivable - Net	-	1,673	(3,886)
Repossessed Property	-	41	-
Investment in Projects, Partnerships, or Corporations	-	44	-
Interest and Dividends Receivable - Net	-	12	(205)
Other Assets	-	30	-
Due to Other Funds	-	6	383
Due to Other Governments	-	-	-
Accounts Payable and Accrued Liabilities	-	(114)	169
Other Liabilities	-	31	-
Net Cash Provided (Used) by Operating Activities	$ -	$ 1,209	$ (1,575)
Reconciliation of Cash to the Statement of Net Position:			
Total Cash and Investments per the Statement of Net Position	$ 219	$ 6,357	$ 115,764
Cash, End of Year	$ 219	$ 6,357	$ 115,764
Noncash investing, Capital, and Financing Activities:			
Contributed Capital Assets	-	-	-

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
$ -	$ -	$ 80,145	$ 80,697
-	-	-	5
9,421	-	-	24,991
1,855	-	-	4,241
-	-	231,877	231,877
-	(683)	-	(808)
-	(1,580)	-	(1,768)
(39)	-	-	(39)
(6,703)	-	-	(24,458)
-	-	(259,547)	(259,547)
-	(518)	-	(518)
-	-	-	44
-	-	-	(855)
4,534	(2,781)	52,475	53,862
(686)	-	(3,645)	(5,818)
-	596	-	633
2,853	2,185	-	17,702
1,800	-	-	3,489
(1,800)	-	-	(3,489)
(3)	-	-	(5)
2,164	2,781	(3,645)	12,512
-	428	-	428
-	-	-	204
-	(4,727)	-	(4,727)
-	(29)	-	(29)
-	4,328	-	4,328
-	-	-	204
-	-	-	15
116	-	7,035	7,481
-	-	-	34
116	-	7,035	7,530
6,814	-	55,865	74,108
37,265	-	236,025	384,201
$ 44,079	$ -	$ 291,890	$ 458,309
$ 2,002	$ (2,898)	$ 59,130	$ 59,714
-	-	-	12
-	-	-	78
(53)	-	(6,057)	(6,230)
(54)	86	192	224
-	-	48	48
2,719	-	-	506
-	-	-	41
-	-	-	44
(94)	-	-	(287)
-	-	-	30
-	-	(463)	(74)
-	-	(203)	(203)
14	8	(229)	(152)
-	23	57	111
$ 4,534	$ (2,781)	$ 52,475	$ 53,862
$ 44,079	$ -	$ 291,890	$ 458,309
$ 44,079	$ -	$ 291,890	$ 458,309
-	426	-	426

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Internal Service Funds

Internal service funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units on a cost-reimbursement basis. The following are the State's internal service funds.

- **Alaska Public Building Fund (Fund 11165)** – AS 37.05.570 – Administered by the Department of Administration. Effective July 1, 2000, the Department of Administration began to manage the maintenance and operations of ten state owned buildings and two parking facilities. The goals are to manage these buildings, in good order and a functional state, while providing cost effective and efficient space for state agencies and private tenants (until private tenant leases expire and space is converted to state agency use), to retain maximum value of these state assets, and to maximize revenue from non-general fund sources.

- **Group Health and Life Benefits Fund (Fund 11135)** – AS 39.30.095 – Administered by the Department of Administration. Effective July 1, 1997, the State began a self-insurance program to provide health care coverage for state employees covered by the retirement programs administered by the State. This fund consists of accumulated assets held for the purpose of paying health care claims for employees and accounts for transactions pertaining to the self-insurance program.

- **Highways Equipment Working Capital Fund (Fund 22652)** – AS 44.68.210 – Administered by the Department of Transportation and Public Facilities. This fund is used for necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots.

- **Information Services Fund (Fund 22500)** – AS 44.21.045 – During the 1990 Legislative Session, the Legislature established the Information Services Fund (ISF) in the Department of Administration and classified it as an internal service fund. The ISF is used to account for the operation and financing of computing and telecommunication services for the State of Alaska. Included in these services is operation of the State's mainframe computer; the statewide consolidated data network; the telephone system in Juneau, Anchorage, and Fairbanks; and the microwave communications infrastructure.

STATE OF ALASKA **STATEMENT 4.41**
Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
ASSETS		
Current Assets:		
Cash and Investments	$ 44,855	$ 8,105
Accounts Receivable - Net	33	212
Due from Other Funds	-	1,869
Inventories	-	-
Other Current Assets	1,014	3
Total Current Assets	45,902	10,189
Noncurrent Assets:		
Capital Assets:		
Equipment, Net of Depreciation	-	304
Buildings, Net of Depreciation	-	116,342
Construction in Progress	-	372
Total Noncurrent Assets	-	117,018
Total Assets	45,902	127,207
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	19,844	1,485
Due to Other Funds	1,002	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	16	136
Total Current Liabilities	20,862	1,621
Noncurrent Liabilities:		
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	3
Total Noncurrent Liabilities	-	3
Total Liabilities	20,862	1,624
NET POSITION		
Net Investment in Capital Assets	-	117,018
Unrestricted	25,040	8,565
Total Net Position	$ 25,040	$ 125,583

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
$ 10,386	$ 45,398	$ 108,744
3	291	539
2,139	5,196	9,204
-	3,695	3,695
4,926	2,072	8,015
17,454	56,652	130,197
58,160	125,032	183,496
-	-	116,342
370	-	742
58,530	125,032	300,580
75,984	181,684	430,777
2,523	1,831	25,683
-	-	1,002
1,279	1,320	2,751
3,802	3,151	29,436
372	580	955
372	580	955
4,174	3,731	30,391
58,530	125,032	300,580
13,280	52,921	99,806
$ 71,810	$ 177,953	$ 400,386

STATE OF ALASKA **STATEMENT 4.42**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
OPERATING REVENUES		
Premiums and Contributions	$ 117,897	$ -
Charges for Goods and Services	-	15,566
Other Operating Revenues	1,177	-
Total Operating Revenues	119,074	15,566
OPERATING EXPENSES		
Benefits	120,526	-
Operating	4,348	11,757
Depreciation	-	5,306
Total Operating Expenses	124,874	17,063
Operating Income (Loss)	(5,800)	(1,497)
NONOPERATING REVENUES (EXPENSES)		
Interest and Investment Income	154	-
Gain (Loss) on Disposal of Capital Assets	-	-
Other Nonoperating Revenues (Expenses)	-	-
Total Nonoperating Revenues (Expenses)	154	-
Income Before Capital Contributions and Transfers	(5,646)	(1,497)
Capital Contributions	-	3,629
Transfers In from Other Funds	-	204
Change in Net Position	(5,646)	2,336
Total Net Position - Beginning of Year	30,686	123,247
Total Net Position - End of Year	$ 25,040	$ 125,583

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
$ -	$ -	$ 117,897
35,709	60,211	111,486
-	-	1,177
35,709	60,211	230,560
-	-	120,526
50,308	34,882	101,295
6,759	16,934	28,999
57,067	51,816	250,820
(21,358)	8,395	(20,260)
-	-	154
-	177	177
-	659	659
-	836	990
(21,358)	9,231	(19,270)
3,262	8,980	15,871
14,077	1,408	15,689
(4,019)	19,619	12,290
75,829	158,334	388,096
$ 71,810	$ 177,953	$ 400,386

STATE OF ALASKA **STATEMENT 4.43**
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Other Governments	$ -	$ -
Receipts from Customers	-	286
Receipts for Interfund Services Provided	-	14,023
Receipts from Insured	117,895	-
Payments to Employees	(235)	(1,935)
Payments to Suppliers	(4,097)	(10,140)
Claims Paid	(117,626)	-
Other Receipts	1,176	-
Other Payments	-	-
Net Cash Provided (Used) by Operating Activities	(2,887)	2,234
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers In from Other Funds	-	204
Net Cash Provided (Used) by Noncapital Financing Activities	-	204
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets	-	-
Acquisition and Construction of Capital Assets	-	(2,531)
Other Receipts (Payments)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(2,531)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends on Investments	154	-
Net Cash Provided (Used) by Investing Activities	154	-
Net Increase (Decrease) in Cash	(2,733)	(93)
Cash and Cash Equivalents - Beginning of Year	47,588	8,198
Cash and Cash Equivalents - End of Year	$ 44,855	$ 8,105
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (5,800)	$ (1,497)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	-	5,306
Provision for Loan Losses and Forgiveness		
Net Changes in Assets and Liabilities:		
Accounts Receivable - Net	(3)	5
Due from Other Funds	-	(1,262)
Inventories	-	-
Other Assets	-	-
Due to Other Funds	(433)	-
Accounts Payable and Accrued Liabilities	3,349	(323)
Other Liabilities	-	5
Net Cash Provided (Used) by Operating Activities	$ (2,887)	$ 2,234
Reconciliation of Cash to the Statement of Net Position:		
Total Cash and Investments per the Statement of Net Position	$ 44,855	$ 8,105
Cash, End of Year	$ 44,855	$ 8,105
Noncash Investing, Capital, and Financing Activities:		
Contributed Capital Assets	-	3,629

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
$ 111	$ -	$ 111
-	-	286
34,345	59,238	107,606
-	-	117,895
(16,413)	(17,546)	(36,129)
(33,002)	(17,794)	(65,033)
-	-	(117,626)
-	-	1,176
-	(976)	(976)
(14,959)	22,922	7,310
17,339	1,408	18,951
17,339	1,408	18,951
-	2,002	2,002
(9,155)	(15,305)	(26,991)
-	658	658
(9,155)	(12,645)	(24,331)
-	-	154
-	-	154
(6,775)	11,685	2,084
17,161	33,713	106,660
$ 10,386	$ 45,398	$ 108,744
$ (21,358)	$ 8,395	$ (20,260)
6,759	16,934	28,999
17	619	638
(1,270)	(1,592)	(4,124)
-	(127)	(127)
2,224	(1,886)	338
(435)	-	(868)
(868)	579	2,737
(28)	-	(23)
$ (14,959)	$ 22,922	$ 7,310
$ 10,386	$ 45,398	$ 108,744
$ 10,386	$ 45,398	$ 108,744
3,262	8,980	15,871

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Fiduciary Funds

Trust and agency funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as a trustee or agent. The following are the State's trust and agency funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

- **Alaska National Guard and Alaska Naval Militia Retirement System (Fund 35030)** – AS 26.05.222 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Alaska National Guard and Alaska Naval Militia Retirement System.

- **Deferred Compensation (Fund 32014)** – AS 39.45.010 – Administered by the Department of Administration. This fund consists of compensation deferred by employees under the State's deferred compensation plan allowed under Section 457 of the Internal Revenue Code.

- **Judicial Retirement System (Fund 35003)** – AS 22.25.048 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Judicial Retirement System.

- **Public Employees' Retirement System (Fund 35006)** – AS 39.35.095-680, AS 39.35.700-990 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Public Employees' Retirement System.

- **Retiree Health (Fund 11159)** – AS 39.35.535, AS 14.25.168, AS 22.25.090 – Administered by the Department of Administration. The State began a self-insurance program to provide health care coverage for retirees covered by the retirement programs administered by the State. This fund consists of accumulated assets held for the purpose of paying health care claims for retirees and accounts for transactions pertaining to the self-insurance program.

- **Supplemental Benefits System (Fund 35043)** – AS 39.30.150 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Supplemental Benefits System.

- **Teachers' Retirement System (Fund 35015)** – AS 14.25.009-220, AS 14.25.310-590 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Teachers' Retirement System.

AGENCY FUNDS

- **Deposits, Suspense, and Miscellaneous (Fund 32005)** – Administered by the Department of Administration. This fund is used to account for refundable deposits and other receipts held in trust until the State has the right to transfer them to operating funds, or until there is a proper authorization to disburse them directly to others.

- **Exxon Valdez Oil Spill Investment Trust Fund (Fund 32025)** – PL 106-113 – Administered by the Exxon Valdez Oil Spill (EVOS) Trustee Council. Consists of assets of a joint federal/state trust fund established to receive, hold, disburse and manage all natural resource damage recoveries obtained by the United States government and the State of Alaska under the Clean Water Act, arising out of the Exxon Valdez oil spill.

- **Impact Aid (Fund 32017)** – PL 103-382 – Administered by the Department of Education and Early Development. These monies are received from the federal government and are distributed to the local school districts. The funds provide financial assistance to local school districts where enrollment or availability of revenue is adversely affected by federal activities.

- **Public Advocacy Trust Fund (Fund 32012)** – AS 44.21.410 – Administered by the Department of Administration. The Public Advocacy Trust Fund holds in trust funds for individuals under the guardianship of the Office of Public Advocacy.

- **Wage and Hour (Fund 32011)** – AS 23.05.220 - Administered by the Department of Labor and Workforce Development. This fund was established to account for receipts and disbursements for wage and hour violations.

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Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2013
(Stated in Thousands)

	Public Employees' Retirement			
	Defined Benefit		Defined Contribution	
	Pension	Healthcare	Pension	Healthcare
ASSETS				
Cash and Cash Equivalents	$ 79,519	97,597	$ 14,470	$ 3,400
Investments:				
Synthetic Investment Contracts	-	-	-	-
Broad Market Fixed Income Pool	-	-	-	-
U.S. Treasury Fixed Income Pool	508,306	444,101	867	9,596
High Yield Fixed Income Pool	188,206	164,434	321	3,553
International Fixed Income Pool	131,613	114,986	224	2,485
Emerging Markets Debt Pool	56,023	48,947	96	1,058
Broad Domestic Equity	2,180,511	1,905,166	3,718	41,163
International Equity Pool	1,298,463	1,134,483	2,215	24,512
Emerging Markets Equity Pool	196,267	171,477	334	3,705
Private Equity Pool	598,588	522,982	1,021	11,300
Absolute Return Pool	294,813	257,575	503	5,566
Real Estate Pool	508,826	446,790	872	9,654
Real Estate Investment Trust Pool	100,656	87,944	172	1,900
Master Limited Partnership Pool	134,794	117,772	229	2,545
Energy Pool	40,028	34,972	69	755
Farmland Pool	248,098	232,343	454	5,020
Farmland Water Pool	17,794	-	-	-
Timber Pool	97,002	84,750	165	1,831
Treasury Inflation Protected Securities Pool	3,095	2,704	5	59
Pooled Investment Funds	-	-	137,565	-
Collective Investments Funds	-	-	201,014	-
Investment Loss Trust Fund Assets	-	-	-	-
Accounts Receivable - Net	1	3	-	-
Contributions Receivable	26,110	2,037	553	160
Due from Other Funds	3	10,518	6,221	1,745
Other Assets	23	3,378	-	-
Total Assets	6,708,739	5,884,959	371,088	130,007
LIABILITIES				
Accounts Payable and Accrued Liabilities	8,935	55,388	413	-
Forfeiture Payable to Employer	-	-	12,936	-
Due to Other Funds	5,322	-	-	-
Total Liabilities	14,257	55,388	13,349	-
NET POSITION				
Held in Trust for:				
Pension Benefits	6,694,482	-	11,621	-
Postemployment Healthcare Benefits	-	5,829,571	-	130,007
Individuals, Organizations, and Other Governments	-	-	346,118	-
Total Net Position	$ 6,694,482	$ 5,829,571	$ 357,739	$ 130,007

Teachers' Retirement			
Defined Benefit		Defined Contribution	
Pension	Healthcare	Pension	Healthcare
$ 40,498	$ 33,864	$ 4,858	$ 1,913
-	-	-	-
-	-	-	-
249,343	142,341	196	3,176
92,322	52,703	72	1,177
64,562	36,855	51	822
27,481	15,688	22	350
1,069,604	610,627	841	13,623
636,937	363,615	501	8,113
96,276	54,961	76	1,227
293,629	167,622	231	3,741
144,616	82,556	114	1,842
249,597	143,202	197	3,196
49,375	28,187	39	629
66,121	37,747	52	843
19,635	11,209	16	250
112,615	74,469	103	1,661
17,794	-	-	-
47,583	27,164	37	606
1,518	867	1	20
-	-	66,826	-
-		84,331	-
-	-	-	-
4	1	-	-
5,151	250	267	43
1	1,601	2,216	360
-	1,179	-	-
3,284,662	1,886,708	161,047	43,592
3,694	20,287	720	-
-	-	4,498	-
1,838	-	-	-
5,532	20,287	5,218	-
3,279,130	-	2,595	-
-	1,866,421	-	43,592
-	-	153,234	-
$ 3,279,130	$ 1,866,421	$ 155,829	$ 43,592

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 5.01**
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2013
(Stated in Thousands)

	Judicial Retirement		Alaska National Guard and Alaska Naval Militia Retirement	Deferred Compensation
	Pension	Healthcare		
ASSETS				
Cash and Cash Equivalents	$ 1,465	$ 397	$ 2,009	$ 11,088
Investments:				
Synthetic Investment Contracts	-	-	-	179,031
Broad Market Fixed Income Pool	-	-	-	-
U.S. Treasury Fixed Income Pool	9,017	1,714	10,005	-
High Yield Fixed Income Pool	3,338	635	3,705	-
International Fixed Income Pool	2,335	444	2,590	-
Emerging Markets Debt Pool	994	189	1,103	-
Broad Domestic Equity	38,678	7,353	8,960	-
International Equity Pool	23,032	4,378	5,011	-
Emerging Markets Equity Pool	3,481	662	758	-
Private Equity Pool	10,618	2,018	-	-
Absolute Return Pool	5,230	994	-	-
Real Estate Pool	9,026	1,724	-	-
Real Estate Investment Trust Pool	1,785	339	-	-
Master Limited Partnership Pool	2,391	455	-	-
Energy Pool	710	135	-	-
Farmland Pool	4,717	897	-	-
Farmland Water Pool	-	-	-	-
Timber Pool	1,721	327	-	-
Treasury Inflation Protected Securities Pool	55	10	-	-
Pooled Investment Funds	-	-	-	70,329
Collective Investments Funds	-	-	-	397,449
Investment Loss Trust Fund Assets	-	-	-	-
Accounts Receivable - Net	-	-	-	-
Contributions Receivable	226	30	-	3,020
Due from Other Funds	-	-	-	-
Other Assets	-	10	-	-
Total Assets	118,819	22,711	34,141	660,917
LIABILITIES				
Accounts Payable and Accrued Liabilities	103	155	88	188
Forfeiture Payable to Employer	-	-	-	-
Due to Other Funds	12	64	20	-
Total Liabilities	115	219	108	188
NET POSITION				
Held in Trust for:				
Pension Benefits	118,704	-	34,033	-
Postemployment Healthcare Benefits	-	22,492	-	-
Individuals, Organizations, and Other Governments	-	-	-	660,729
Total Net Position	$ 118,704	$ 22,492	$ 34,033	$ 660,729

Supplemental Benefits	Retiree Health	Total Pension and Other Employee Benefit Trust Funds
$ 58,064	$ 90,149	$ 439,291
293,065	-	472,096
-	146,573	146,573
-	-	1,378,662
-	-	510,466
-	-	356,967
-	-	151,951
-	69,492	5,949,736
-	35,584	3,536,844
-	-	529,224
-	-	1,611,750
-	-	793,809
-	-	1,373,084
-	-	271,026
-	-	362,949
-	-	107,779
-	-	680,377
-	-	35,588
-	-	261,186
-	-	8,334
1,773,525	-	2,048,245
735,704	-	1,418,498
1,929	-	1,929
7,640	-	7,649
-	199	38,046
-	9	22,674
-	419	5,009
2,869,927	342,425	22,519,742
3,037	20,608	113,616
-	-	17,434
-	353	7,609
3,037	20,961	138,659
-	-	10,140,565
-	321,464	8,213,547
2,866,890	-	4,026,971
$ 2,866,890	$ 321,464	$ 22,381,083

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Public Employees' Retirement			
	Defined Benefit		Defined Contribution	
	Pension	Healthcare	Pension	Healthcare
ADDITIONS				
Premiums and Contributions:				
Employer	$ 179,976	$ 229,990	$ 31,060	$ 26,484
Member	110,808	635	53,851	-
Other	164,087	143,215	-	-
Total Premiums and Contributions	454,871	373,840	84,911	26,484
Investment Income:				
Net Appreciation (Depreciation) in Fair Value of Investments	646,379	549,624	42,060	10,298
Interest	30,058	26,154	67	498
Dividends	88,470	76,374	139	1,479
Total Investment Income	764,907	652,152	42,266	12,275
Less Investment Expense	26,251	34	-	-
Net Investment Income	738,656	652,118	42,266	12,275
Other Additions				
Other	28	10,436	4	-
Total Additions	1,193,555	1,036,394	127,181	38,759
DEDUCTIONS				
Benefits Paid	599,318	370,314	97	-
Insurance Premiums	-	-	-	-
Refunds of Premiums and Contributions	10,929	-	12,872	-
Administrative Expenses	7,120	8,325	1,879	19
Total Deductions	617,367	378,639	14,848	19
Net Increase (Decrease) in Net Position Held in Trust for:				
Pension Benefits	576,188	-	2,620	-
Postemployment Healthcare Benefits	-	657,755	-	38,740
Individuals, Organizations, and Other Governments	-	-	109,713	-
Net Position - Beginning of the Year	6,118,294	5,171,816	254,572	91,267
Prior Period Adjustment	-	-	(9,166)	-
Net Position - End of the Year	$ 6,694,482	$ 5,829,571	$ 357,739	$ 130,007

Teachers' Retirement			
Defined Benefit		Defined Contribution	
Pension	Healthcare	Pension	Healthcare
$ 37,372	$ 35,293	$ 14,474	$ 7,917
50,201	250	18,044	-
196,945	105,832	-	-
284,518	141,375	32,518	7,917
325,741	178,764	18,273	3,474
15,013	8,470	18	166
44,100	24,704	33	492
384,854	211,938	18,324	4,132
10,986	11	-	-
373,868	211,927	18,324	4,132
19	4,152	2	-
658,405	357,454	50,844	12,049
380,265	120,855	-	-
-	-	-	-
2,668	-	3,737	-
2,989	3,219	731	6
385,922	124,074	4,468	6
272,483	-	284	-
-	233,380	-	12,043
-	-	46,092	-
3,006,647	1,633,041	112,700	31,549
-	-	(3,247)	-
$ 3,279,130	$ 1,866,421	$ 155,829	$ 43,592

This statement continued on next page.

STATE OF ALASKA **STATEMENT 5.02**
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Judicial Retirement		Alaska National Guard and Alaska Naval Militia Retirement	Deferred Compensation
	Pension	Healthcare		
ADDITIONS				
Premiums and Contributions:				
Employer	$ 4,444	$ 699	$ 739	$ -
Member	721	-	-	40,537
Other	3,651	135	-	13
Total Premiums and Contributions	8,816	834	739	40,550
Investment Income:				
Net Appreciation (Depreciation) in Fair Value of Investments	11,389	2,110	1,833	54,377
Interest	531	100	481	5,480
Dividends	1,564	294	357	-
Total Investment Income	13,484	2,504	2,671	59,857
Less Investment Expense	304	-	77	-
Net Investment Income	13,180	2,504	2,594	59,857
Other Additions				
Other	-	32	-	-
Total Additions	21,996	3,370	3,333	100,407
DEDUCTIONS				
Benefits Paid	10,344	1,100	1,772	37,996
Insurance Premiums	-	-	-	-
Refunds of Premiums and Contributions	-	-	-	-
Administrative Expenses	82	23	166	2,992
Total Deductions	10,426	1,123	1,938	40,988
Net Increase (Decrease) in Net Position Held in Trust for:				
Pension Benefits	11,570	-	1,395	-
Postemployment Healthcare Benefits	-	2,247	-	-
Individuals, Organizations, and Other Governments	-	-	-	59,419
Net Position - Beginning of the Year	107,134	20,245	32,638	601,310
Prior Period Adjustment	-	-	-	-
Net Position - End of the Year	$ 118,704	$ 22,492	$ 34,033	$ 660,729

Supplemental Benefits	Retiree Health	Total Pension and Other Employee Benefit Trust Funds
$ 78,486	$ 1,562	$ 648,496
81,853	63,808	420,708
4,498	-	618,376
164,837	65,370	1,687,580
231,797	12,819	2,088,938
8,906	3,783	99,725
-	515	238,521
240,703	17,117	2,427,184
-	71	37,734
240,703	17,046	2,389,450
-	65	14,738
405,540	82,481	4,091,768
150,275	46,105	1,718,441
3,244	-	3,244
-	-	30,206
10,703	1,479	39,733
164,222	47,584	1,791,624
-	-	864,540
-	34,897	979,062
241,318	-	456,542
2,625,572	286,567	20,093,352
-	-	(12,413)
$ 2,866,890	$ 321,464	$ 22,381,083

STATE OF ALASKA **STATEMENT 5.11**
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2013
(Stated in Thousands)

	Deposits, Suspense, and Miscellaneous	Wage and Hour
ASSETS		
Cash and Cash Equivalents	$ 339,245	$ 187
Investments	-	-
Accounts Receivable - Net	4	-
Due from Other Funds	2,770	-
Other Assets	1	-
Total Assets	$ 342,020	$ 187
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 5,459	$ 6
Trust Deposits Payable	328,776	180
Due to Other Funds	7,785	1
Total Liabilities	$ 342,020	$ 187

Public Advocacy	Exxon Valdez Oil Spill Investment	Impact Aid PL 103-382	Total Agency Funds
$ 20,904	$ -	$ -	$ 360,336
-	195,015	-	195,015
-	-	-	4
-	-	-	2,770
-	-	-	1
$ 20,904	$ 195,015	$ -	$ 558,126
$ -	$ -	$ -	$ 5,465
20,784	194,935	-	544,675
120	80	-	7,986
$ 20,904	$ 195,015	$ -	$ 558,126

STATE OF ALASKA **STATEMENT 5.12**
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
ASSETS				
Cash and Cash Equivalents	$ 152,479	$ 335,681	$ 148,915	$ 339,245
Accounts Receivable - Net	5	-	1	4
Due from Other Funds	2,675	2,770	2,675	2,770
Other Assets	-	1	-	1
Total Assets	$ 155,159	$ 338,452	$ 151,591	$ 342,020
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 4,951	$ 73,741	$ 73,233	$ 5,459
Trust Deposits Payable	146,271	332,164	149,659	328,776
Due to Other Funds	3,937	7,786	3,938	7,785
Total Liabilities	$ 155,159	$ 413,691	$ 226,830	$ 342,020
WAGE AND HOUR				
ASSETS				
Cash and Cash Equivalents	$ 125	$ 228	$ 166	$ 187
Total Assets	$ 125	$ 228	$ 166	$ 187
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 5	$ 163	$ 162	$ 6
Trust Deposits Payable	120	230	170	180
Due to Other Funds	-	1	-	1
Total Liabilities	$ 125	$ 394	$ 332	$ 187
PUBLIC ADVOCACY				
ASSETS				
Cash and Cash Equivalents	$ 21,017	$ 22,357	$ 22,470	$ 20,904
Total Assets	$ 21,017	$ 22,357	$ 22,470	$ 20,904
LIABILITIES				
Trust Deposits Payable	$ 20,910	$ 13,679	$ 13,805	$ 20,784
Due to Other Funds	107	120	107	120
Total Liabilities	$ 21,017	$ 13,799	$ 13,912	$ 20,904
EXXON VALDEZ OIL SPILL INVESTMENT				
ASSETS				
Investments	$ 179,884	$ 29,345	$ 14,214	$ 195,015
Total Assets	$ 179,884	$ 29,345	$ 14,214	$ 195,015
LIABILITIES				
Trust Deposits Payable	$ 179,803	$ 29,265	$ 14,133	$ 194,935
Due to Other Funds	81	80	81	80
Total Liabilities	$ 179,884	$ 29,345	$ 14,214	$ 195,015

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 5.12**
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
IMPACT AID PL 103-382				
ASSETS				
Cash and Cash Equivalents	$ 78	$ 39,106	$ 39,184	$ -
Total Assets	$ 78	$ 39,106	$ 39,184	$ -
LIABILITIES				
Trust Deposits Payable	$ -	$ 40,676	$ 40,676	$ -
Due to Other Funds	78	-	78	-
Total Liabilities	$ 78	$ 40,676	$ 40,754	$ -
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 173,699	$ 397,372	$ 210,735	$ 360,336
Investments	179,884	29,345	14,214	195,015
Accounts Receivable - Net	5	-	1	4
Due from Other Funds	2,675	2,770	2,675	2,770
Other Assets	-	1	-	1
Total Assets	$ 356,263	$ 429,488	$ 227,625	$ 558,126
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 4,956	$ 73,904	$ 73,395	$ 5,465
Trust Deposits Payable	347,104	416,014	218,443	544,675
Due to Other Funds	4,203	7,987	4,204	7,986
Total Liabilities	$ 356,263	$ 497,905	$ 296,042	$ 558,126

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Nonmajor Component Units

The nonmajor component units listed are significant separate legal entities that are discretely presented in the State's financial statements. The inclusion of component units in the State's financial statements reflects the State's financial accountability for these entities.

- **Alaska Aerospace Corporation (AAC)** – AS 26.27.010 – is a public corporation of the State located for administrative purposes within the Department of Military and Veterans Affairs. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, and to provide a unified direction for space-related economic growth, education and research development, and tourism related activities.
- **Alaska Energy Authority (AEA)** – AS 44.83.020 – is a public corporation of the State within the Department of Commerce, Community, and Economic Development, but with a separate and independent legal existence. The purpose of AEA is to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.
- **Alaska Gasline Development Corporation (AGDC)** – AS 31.25.010 – is a public corporation and government instrumentality located for administrative purposes in the Department of Commerce, Community, and Economic Development, but having a legal existence independent of and separate from the state.
- **Alaska Mental Health Trust Authority (AMHTA)** – AS 47.30.011 – is established as a public corporation of the State within the Department of Revenue. The purpose of AMHTA is to ensure an integrated comprehensive mental health program, by administering the trust established under the Alaska Mental Health Enabling Act of 1956.
- **Alaska Municipal Bond Bank Authority (AMBBA)** – AS 44.85.020 – is a public corporation and an instrumentality of the State within the Department of Revenue, but with a legal existence independent of and separate from the State. AMBBA was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds.
- **Alaska Natural Gas Development Authority (ANGDA)** – AS 41.41.010 – is a public corporation and government instrumentality of the State within the Department of Revenue, but having a legal existence independent of and separate from the State. The purpose of ANGDA is to bring natural gas from the North Slope to market.
- **Alaska Railroad Corporation (ARRC)** – AS 42.40.010 – is a public corporation and an instrumentality of the State within the Department of Commerce, Community, and Economic Development, but with a legal existence independent of and separate from the State. ARRC was created to own and operate the railroad and manage its rail, industrial, port, and other properties.
- **Alaska Seafood Marketing Institute (ASMI)** – AS 16.51.010 – is a public corporation and an instrumentality of the State within the Department of Commerce, Community, and Economic Development, but with a legal existence independent of and separate from the State. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and develop market-oriented quality specifications.
- **Alaska Student Loan Corporation (ASLC)** – AS 14.42.100 – is a public corporation and government instrumentality within the Department of Education and Early Development, but having a legal existence independent of and separate from the State. The purpose of ASLC is to improve higher educational opportunities for residents of the State.

STATE OF ALASKA **STATEMENT 6.01**
Combining Statement of Net Position
Nonmajor Component Units
June 30, 2013
(Stated in Thousands)

	Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Energy Authority
ASSETS				
Cash and Investments	$ 76,646	$ 31,171	$ 31,468	$ 1,022,366
Accounts Receivable - Net	-	-	18,251	1,424
Interest and Dividends Receivable	10,851	2,209	-	1,044
Due from Primary Government	-	-	6,462	10,455
Due from Component Units	-	-	-	249
Due from Other Governments	-	-	17,858	2,465
Loans, Notes, and Bonds Receivable	793,937	53,267	-	5,245
Inventories	-	-	9,941	-
Restricted Assets	-	454,129	20,655	38,341
Securities Lending Collateral	-	-	-	-
Other Assets	-	249	9,973	-
Capital Assets:				
Equipment, Net of Depreciation	-	-	140,164	89
Buildings, Net of Depreciation	-	-	122	-
Infrastructure, Net of Depreciation	-	-	561,864	195,170
Land / Right-of-Way	-	-	33,958	11,212
Construction in Progress	-	-	139,176	64,092
Total Assets	881,434	541,025	989,892	1,352,152
LIABILITIES				
Accounts Payable and Accrued Liabilities	300	638	28,980	37,477
Obligations Under Securities Lending	-	-	-	-
Due to Primary Government	-	4,338	167	37,823
Due to Component Units	-	-	-	4,056
Due to Other Governments	-	2,177	-	-
Interest Payable	10,792	639	2,460	2,404
Other Current Liabilities	-	-	357	-
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	397	-
Unearned and Unavailable Revenue	807	-	3,266	-
Notes, Bonds, and Leases Payable	44,175	59,481	15,504	7,300
Other Long-term Debt	4,405	-	-	-
Other Noncurrent Liabilities	-	-	-	657
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	1,441	-
Unearned and Unavailable Revenue	-	-	537,736	-
Notes, Bonds, and Leases Payable	757,380	254,313	132,193	80,117
Other Long-term Debt	6,176	-	-	-
Other Noncurrent Liabilities	-	921	11,735	1,171
Total Liabilities	824,035	322,507	734,236	171,005
NET POSITION				
Net Investment in Capital Assets	-	-	189,852	183,148
Restricted for:				
Permanent Funds				
Nonexpendable	-	-	-	-
Expendable	-	-	-	-
Education	-	132,670	-	-
Development	-	-	65,804	-
Debt Service	43,084	-	-	20,908
Other Purposes	-	-	-	10,463
Unrestricted	14,315	85,848	-	966,628
Total Net Position	$ 57,399	$ 218,518	$ 255,656	$ 1,181,147

Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Natural Gas Development Authority	Alaska Seafood Marketing Institute	Alaska Gasline Development Corporation	Total Nonmajor Component Units
$ 10,437	$ 522,513	$ 143	$ 8,088	$ -	$ 1,702,832
1,181	278	-	-	-	21,134
-	2,171	-	-	-	16,275
-	-	-	9,404	21,038	47,359
-	-	-	-	-	249
-	-	-	284	-	20,607
-	4,758	-	-	-	857,207
430	-	-	-	-	10,371
-	-	-	-	-	513,125
-	32,092	-	-	-	32,092
-	12	-	73	187	10,494
36,108	59	-	-	517	176,937
29,606	5,540	-	-	-	35,268
7,969	-	-	-	-	765,003
-	4,053	-	-	-	49,223
1,084	-	-	-	-	204,352
86,815	571,476	143	17,849	21,742	4,462,528
403	10,571	-	2,136	3,780	84,285
-	32,092	-	-	-	32,092
-	486	143	-	-	42,957
-	-	-	-	707	4,763
-	-	-	-	-	2,177
-	-	-	-	-	16,295
-	-	-	-	-	357
505	713	-	211	63	1,889
-	169	-	-	-	4,242
-	-	-	-	-	126,460
-	-	-	-	-	4,405
-	-	-	-	-	657
-	-	-	97	8	1,546
5,803	-	-	-	-	543,539
-	-	-	-	-	1,224,003
-	-	-	-	-	6,176
-	-	-	-	-	13,827
6,711	44,031	143	2,444	4,558	2,109,670
74,767	9,652	-	-	517	457,936
-	409,256	-	-	-	409,256
-	108,537	-	-	-	108,537
-	-	-	-	-	132,670
-	-	-	-	16,667	82,471
-	-	-	-	-	63,992
-	-	-	15,405	-	25,868
5,337	-	-	-	-	1,072,128
$ 80,104	$ 527,445	$ -	$ 15,405	$ 17,184	$ 2,352,858

STATE OF ALASKA **STATEMENT 6.02**
Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Nonmajor Component Units:				
Alaska Municipal Bond Bank Authority	$ 37,299	$ 33,823	$ -	$ -
Alaska Student Loan Corporation	29,880	28,643	-	-
Alaska Railroad Corporation	179,298	145,096	-	44,511
Alaska Energy Authority	181,851	22,106	80,337	50,605
Alaska Aerospace Corporation	13,259	557	8,000	641
Alaska Mental Health Trust Authority	24,039	15,666	48,245	-
Alaska Natural Gas Development Authority	8,119	-	-	-
Alaska Seafood Marketing Institute	19,582	138	4,463	-
Alaska Gasline Development Corporation	16,468	-	-	-
Total Nonmajor Component Units	$ 509,795	$ 246,029	$ 141,045	$ 95,757

General Revenues:
Taxes
Severance Taxes
Interest and Investment Income (Loss)
Payments In from Primary Government
Other Revenues
Total General Revenues, Transfers, Special Items, and Extraordinary Items
Change in Net Position
Net Position - Beginning of Year
Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position									
Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Energy Authority	Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Natural Gas Development Authority	Alaska Seafood Marketing Institute	Alaska Gasline Development Corporation	Total Nonmajor Component Units
$ (3,476)	$	$	$	$	$	$	$	$	$ (3,476)
	(1,237)								(1,237)
		10,309							10,309
			(28,803)						(28,803)
				(4,061)					(4,061)
					39,872				39,872
						(8,119)			(8,119)
							(14,981)		(14,981)
								(16,468)	(16,468)
(3,476)	(1,237)	10,309	(28,803)	(4,061)	39,872	(8,119)	(14,981)	(16,468)	(26,964)
-	-	-	-	-	-	-	9,563	-	9,563
75	443	87	113,415	133	-	-	-	-	114,153
-	-	-	25,871	392	-	-	7,977	32,803	67,043
-	1,019	-	36	-	-	-	-	-	1,055
75	1,462	87	139,322	525	-	-	17,540	32,803	191,814
(3,401)	225	10,396	110,519	(3,536)	39,872	(8,119)	2,559	16,335	164,850
60,800	218,293	245,260	1,070,628	83,640	487,573	8,119	12,846	849	2,188,008
$ 57,399	$ 218,518	$ 255,656	$ 1,181,147	$ 80,104	$ 527,445	$ -	$ 15,405	$ 17,184	$ 2,352,858

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Other Supplementary Information

STATE OF ALASKA **STATEMENT 6.03**
Balance Sheet
Nonmajor Component Unit Without Separately Issued Financial Statements
June 30, 2013
(Stated in Thousands)

	Alaska Natural Gas Development Authority	Alaska Seafood Marketing Institute
ASSETS		
Cash and Investments	$ 143	$ 8,088
Due from Primary Government	-	9,404
Due from Other Governments	-	284
Other Assets	-	73
Total Assets	143	17,849
Total Assets	$ 143	$ 17,849
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ -	$ 2,136
Due to Primary Government	143	-
Total Liabilities	143	2,136
FUND BALANCES		
Reserved:		
Encumbrances	-	1,157
Other Purposes	-	14,556
Total Fund Balances	-	15,713
Total Liabilities and Fund Balances	$ 143	$ 17,849
Reconciliation of the Balance Sheet to the Statement of Net Position:		
Total Fund Balances - Governmental Fund:	$ -	$ 15,713
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	-	(308)
Net Position of Governmental Activities	$ -	$ 15,405

STATE OF ALASKA **STATEMENT 6.04**
Statement of Revenues, Expenditures, and Change in Fund Balances
Nonmajor Component Unit Without Separately Issued Financial Statements
For the Fiscal Year Ended June 30, 2013
(Stated in Thousands)

	Alaska Natural Gas Development Authority	Alaska Seafood Marketing Institute
REVENUES		
Taxes	$ -	$ 9,563
Charges for Services	-	138
Federal Grants in Aid	-	4,463
Total Revenues	-	14,164
EXPENDITURES		
Current:		
Development	8,119	19,631
Total Expenditures	8,119	19,631
Excess (Deficiency) of Revenues Over Expenditures	(8,119)	(5,467)
OTHER FINANCING SOURCES (USES)		
Payments in from Primary Government	-	7,977
Total Other Financing Sources and Uses	-	7,977
Net Change in Fund Balances	(8,119)	2,510
Fund Balances - Beginning of Year	8,119	13,203
Fund Balances - End of Year	$ -	$ 15,713
Reconciliation of the Change in Fund Balances to the Statement of Activities:		
Net Change in Fund Balances - Governmental Fund:	$ (8,119)	$ 2,510
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Expenses not reported in the fund:		
Compensated Absences	-	49
Change in Net Position of Governmental Activities:	$ (8,119)	$ 2,559

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Statistical Section

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STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2013

STATISTICAL SECTION

This part of the State of Alaska's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the state's overall financial health.

	Page
Financial Trends (Schedules A-1 through A-5) *These schedules contain trend information to help the reader understand how the state's financial performance and well-being have changed over time.*	**246**
Revenue Capacity (Schedules B-1 through B-3) *These schedules contain information to help the reader assess the state's most significant revenue sources: investment income, oil severance taxes, and oil royalties.*	**256**
Debt Capacity (Schedules C-1 and C-2) *These schedules present information to help the reader assess the affordability of the state's current levels of outstanding debt and the state's ability to issue additional debt in the future. The state has no statutory limit on the amount of general obligation debt that may be authorized.*	**260**
Demographic and Economic Information (Schedules D-1 and D-2) *These schedules offer demographic and economic indicators to help the reader understand the environment within which the state's financial activities take place.*	**263**
Operating Information (Schedules E-1 through E-3) *These schedules contain service and infrastructure data to help the reader understand how the information in the state's financial report relates to the services the state provides and the activities it performs.*	**266**

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the comprehensive annual financial reports for the relevant years.

NOTES:

The State of Alaska implemented GASB Statement No. 34 in FY 02 and GASB Statement No. 54 in FY 10; therefore, some schedules only include financial data beginning in those years.

STATE OF ALASKA **SCHEDULE A-1**
Financial Trends - Net Position[b] By Component
Last Ten Fiscal Years
(Stated in Thousands)

	2013	2012	2011	2010
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	$ 5,940,490	$ 5,784,736	$ 5,618,713	$ 5,429,469
Restricted[a]	41,811,811	39,109,760	38,808,084	32,819,206
Unrestricted	26,270,988	23,398,603	20,099,413	16,423,342
Total Governmental Activities Net Position	74,023,289	68,293,099	64,526,210	54,672,017
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	847,214	805,993	783,353	765,841
Restricted	777,552	680,149	670,492	679,259
Unrestricted	357,143	343,417	292,783	317,371
Total Business-type Activities Net Position	1,981,909	1,829,559	1,746,628	1,762,471
Primary Government:				
Invested in Capital Assets, Net of Related Debt	6,787,704	6,590,729	6,402,066	6,195,310
Restricted	42,589,363	39,789,909	39,478,576	33,498,465
Unrestricted	26,628,131	23,742,020	20,392,196	16,740,713
Total Primary Government Net Position	$ 76,005,198	$ 70,122,658	$ 66,272,838	$ 56,434,488

NOTE:
This schedule is presented on the accrual basis of accounting.
[a] The majority of the amount reported as Restricted Net Assets for Governmental Activities represents the Alaska Permanent Fund. Further discussion of this fund is included in Management's Discussion and Analysis.
[b] GASB 63 addresses the name change from Net Assets to Net Position

2009	2008	2007	2006	2005	2004
$ 5,293,353	$ 5,063,796	$ 4,968,171	$ 4,721,066	$ 4,654,684	$ 3,921,815
30,007,939	31,421,373	34,200,958	30,772,290	28,935,899	26,929,079
14,625,134	19,398,314	11,425,419	7,539,120	5,185,548	4,066,781
49,926,426	55,883,483	50,594,548	43,032,476	38,776,131	34,917,675
706,236	677,900	596,997	535,585	483,883	451,273
712,350	688,485	614,880	527,509	467,604	429,600
327,661	311,346	330,553	340,555	341,845	308,232
1,746,247	1,677,731	1,542,430	1,403,649	1,293,332	1,189,105
5,999,589	5,741,696	5,565,168	5,256,651	5,138,567	4,373,088
30,720,289	32,109,858	34,815,838	31,299,799	29,403,503	27,358,679
14,952,795	19,709,660	11,755,972	7,879,675	5,527,393	4,375,013
$ 51,672,673	$ 57,561,214	$ 52,136,978	$ 44,436,125	$ 40,069,463	$ 36,106,780

STATE OF ALASKA **SCHEDULE A-2**
Financial Trends - Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Stated in Thousands)

	2013	2012	2011	2010
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	$ 12,374	$ 13,807	$ 10,940	$ 10,706
Education	4,123	2,977	3,195	3,277
University	-	-	-	10
Health and Human Services	48,904	45,775	43,166	41,816
Law and Justice	12,960	19,267	17,294	10,604
Public Protection	179,861	159,589	157,898	160,851
Natural Resources	2,864,093	3,053,020	2,798,551	2,278,392
Development	2,472	18,277	994	1,264
Transportation	65,158	60,945	59,215	54,746
Debt Service	-	-	-	1,320
Operating Grants and Contributions	1,866,903	1,827,888	2,029,375	1,912,537
Capital Grants and Contributions	651,304	648,810	659,305	591,510
Total Governmental Activities Program Revenues	5,708,152	5,850,355	5,779,933	5,067,033
Business-type Activities:				
Charges for Services				
Loans	11,477	12,030	12,652	16,372
Unemployment Compensation	237,694	200,070	190,321	168,524
Airports	107,864	106,764	106,604	105,441
Development	1,765	1,349	1,212	1,068
Operating Grants and Contributions	80,780	117,929	106,801	99,940
Capital Grants and Contributions	109,152	110,804	48,419	84,170
Total Business-type Activities Program Revenues	548,732	548,946	466,009	475,515
Total Primary Government Program Revenues	$ 6,256,884	$ 6,399,301	$ 6,245,942	$ 5,542,548
Expenses				
Governmental Activities:				
General Government	$ 572,776	$ 504,434	$ 466,540	$ 423,411
Alaska Permanent Fund Dividend [a b]	562,621	757,576	817,894	817,162
Education	2,076,009	1,912,994	1,864,934	1,688,586
University	568,955	492,576	449,650	404,071
Health and Human Services	2,717,565	2,596,033	2,420,412	2,261,984
Law and Justice	266,949	277,816	187,722	241,021
Public Protection	729,682	703,039	740,113	696,937
Natural Resources	376,333	403,746	394,500	342,556
Development	700,695	597,796	892,847	319,268
Transportation	1,156,853	1,110,674	1,026,604	1,135,249
Intergovernmental Revenue Sharing	287,028	254,159	189,741	177,531
Debt Service	64,334	72,718	50,864	48,377
Total Governmental Activities Expenses	10,079,800	9,683,561	9,501,821	8,556,153
Business-type Activities:				
Loans	8,350	11,190	5,095	5,062
Unemployment Compensation	258,709	302,406	325,040	339,964
Airports	151,125	144,009	134,020	114,885
Development	4,820	6,254	2,633	1,984
Total Business-type Activities Expenses	423,004	463,859	466,788	461,895
Total Primary Government Expenses	$ 10,502,804	$ 10,147,420	$ 9,968,609	$ 9,018,048
Net (Expense)/Revenue (To Schedule A-3)				
Governmental Activities	$ (4,371,648)	$ (3,833,206)	$ (3,721,888)	$ (3,489,120)
Business-type Activities	125,728	85,087	(779)	13,620
Total Primary Government Net Expense	$ (4,245,920)	$ (3,748,119)	$ (3,722,667)	$ (3,475,500)

NOTES:

This schedule is presented on the accrual basis of accounting.

[a] The permanent fund dividend function represents the portion of the income earned by the Alaska Permanent Fund that is paid out to eligible Alaska residents.

[b] In 2009 the Alaska Permanent Fund Dividend expenses includes a one time energy rebate in the amount of $738,767 (in thousands) that was paid to Alaska citizens to offset the cost of energy.

2009	2008	2007	2006	2005	2004
$ 10,148	$ 11,754	$ 11,058	$ 13,908	$ 20,448	$ 13,048
3,045	2,829	2,689	2,895	2,477	2,329
15	29	-	-	-	-
41,375	39,492	39,144	29,774	30,754	23,086
19,485	12,607	12,142	9,736	10,959	8,625
158,994	163,320	172,762	138,192	134,817	134,087
2,322,398	3,404,033	2,207,217	2,460,023	1,967,523	1,446,144
16,634	6,884	15,669	6,840	4,744	3,719
57,306	68,105	68,042	63,257	48,506	46,774
-	-	-	-	-	-
1,488,782	1,354,695	1,463,791	1,460,145	1,400,904	1,422,265
633,661	612,769	632,829	618,554	642,311	624,835
4,751,843	5,676,517	4,625,343	4,803,324	4,263,443	3,724,912
11,818	9,175	9,655	9,116	10,006	10,333
178,073	149,699	169,070	168,942	148,354	160,762
95,244	118,874	115,490	103,999	99,375	76,467
1,034	1,087	-	-	-	-
19,115	21,717	16,400	19,262	17,485	13,329
78,720	83,922	79,588	73,570	84,249	79,715
384,004	384,474	390,203	374,889	359,469	340,606
$ 5,135,847	$ 6,060,991	$ 5,015,546	$ 5,178,213	$ 4,622,912	$ 4,065,518
$ 515,981	$ 520,244	$ 326,205	$ 292,265	$ 254,680	$ 227,516
2,015,974	990,379	658,294	505,093	552,232	660,471
1,647,531	1,705,227	1,364,756	1,251,111	1,143,197	1,072,194
410,805	382,463	319,963	271,687	244,927	246,101
2,067,733	1,869,940	1,827,623	1,768,611	1,832,252	1,661,454
270,299	213,076	180,837	175,878	147,606	131,179
609,253	584,423	557,792	535,877	517,875	420,476
295,183	293,999	286,236	263,777	242,610	225,167
386,298	247,671	430,096	477,249	129,518	128,254
959,586	952,916	812,686	711,351	762,514	392,737
231,574	129,678	62,082	57,598	43,039	52,303
42,662	43,820	40,555	32,152	32,153	32,763
9,452,879	7,933,836	6,867,125	6,342,649	5,902,603	5,250,615
3,514	9,987	9,561	12,285	9,304	4,980
199,792	122,128	122,908	130,487	147,687	185,342
117,499	112,437	129,074	120,879	99,350	81,475
2,062	4,965	2,221	598	155	77
322,867	249,517	263,764	264,249	256,496	271,874
$ 9,775,746	$ 8,183,353	$ 7,130,889	$ 6,606,898	$ 6,159,099	$ 5,522,489
$ (4,701,036)	$ (2,257,319)	$ (2,241,782)	$ (1,539,325)	$ (1,639,160)	$ (1,525,703)
61,137	134,957	126,439	110,640	102,973	68,732
$ (4,639,899)	$ (2,122,362)	$ (2,115,343)	$ (1,428,685)	$ (1,536,187)	$ (1,456,971)

STATE OF ALASKA **SCHEDULE A-3**
Financial Trends - Government-wide General Revenues and Other Changes in Net Position
Last Ten Fiscal Years
(Stated in Thousands)

	2013	2012	2011	2010
Net (Expense)/Revenue (From Schedule A-2)				
Governmental Activities	$ (4,371,648)	$ (3,833,206)	$ (3,721,888)	$ (3,489,120)
Business-type Activities	125,728	85,087	(779)	13,620
Total Primary Government Net Expense	$ (4,245,920)	$ (3,748,119)	$ (3,722,667)	$ (3,475,500)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Severance Taxes	$ 3,855,649	$ 6,069,648	$ 4,217,074	$ 2,669,281
Selective Sales/Use	246,235	251,826	249,705	251,414
Income Taxes	583,429	647,256	720,734	552,792
Property Taxes	99,598	215,407	184,254	118,780
Other Taxes	2,444	2,556	9,712	8,905
Interest and Investment Earnings	5,208,270	318,107	8,075,366	4,529,193
Tobacco Settlement	30,012	29,997	29,574	31,502
Payments In from Component Units	31,336	39,463	42,866	40,538
Other Revenues	68,841	28,887	48,106	37,573
Transfers - Internal Activity	(23,127)	(3,052)	(1,310)	(5,267)
Special Items	-	-	-	-
Extraordinary Items				
Pension Obligation and Other Post Employment	-	-	-	-
Prior Period Adjustments and Restatements	-	-	-	-
Changes in Accounting Principles	-	-	-	-
Total Governmental Activities General Revenues and Other Changes in Net Position	10,102,687	7,600,095	13,576,081	8,234,711
Business-type Activities:				
Interest and Investment Earnings	(16,838)	(13,772)	(16,374)	(13,201)
Other Revenues	4,460	8,564	-	10,538
Payments In from Component Units	15,873	-	-	-
Transfers - Internal Activity	23,127	3,052	1,310	5,267
Special Items	-	-	-	-
Prior Period Adjustments and Restatements	-	-	-	-
Changes in Accounting Principles	-	-	-	-
Total Business-type Activities General Revenues and Other Changes in Net Position	26,622	(2,156)	(15,064)	2,604
Total Primary Government General Revenues and Other Changes in Net Position	$ 10,129,309	$ 7,597,939	$ 13,561,017	$ 8,237,315
Change in Net Position				
Governmental Activities	$ 5,731,039	$ 3,766,889	$ 9,854,193	$ 4,745,591
Business-type Activities	152,350	82,931	(15,843)	16,224
Total Primary Government Changes in Net Position	$ 5,883,389	$ 3,849,820	$ 9,838,350	$ 4,761,815

NOTE:
This schedule is presented on the accrual basis of accounting.

2009	2008	2007	2006	2005	2004
$ (4,701,036)	$ (2,257,319)	$ (2,241,782)	$ (1,539,325)	$ (1,639,160)	$ (1,525,703)
61,137	134,957	126,439	110,640	102,973	68,732
$ (4,639,899)	$ (2,122,362)	$ (2,115,343)	$ (1,428,685)	$ (1,536,187)	$ (1,456,971)
$ 3,345,993	$ 6,929,895	$ 2,256,299	$ 1,332,880	$ 965,431	$ 697,394
235,121	270,119	233,788	196,605	186,354	180,354
632,123	981,673	812,652	821,664	588,694	339,270
111,251	81,518	65,692	54,508	42,912	47,416
10,225	18,387	9,495	11,865	10,743	10,979
(6,460,729)	(910,362)	5,968,976	3,312,907	2,840,596	3,561,847
37,349	32,141	21,247	19,975	21,759	21,439
26,392	115,635	400,382	104,556	121,312	58,846
91,857	27,873	32,295	60,857	19,294	60,781
(14,032)	(625)	3,028	4,894	4,968	4,306
-	-	-	-	-	4,829
		-	-	-	
126,393	-	-	-	-	-
(2,186)	-	-	(125,041)	695,553	(192,287)
604,222	-	-	-	-	-
(1,256,021)	7,546,254	9,803,854	5,795,670	5,497,616	4,795,174
(11,037)	(281)	14,155	2,935	5,154	1,067
5,562	-	1,215	1,393	1,356	-
53	-	-	-	-	-
14,032	625	(3,028)	(4,894)	(4,968)	(4,306)
3,972	-	-	-	-	-
(3,685)	-	-	243	(288)	(3,928)
(1,518)	-	-	-	-	-
7,379	344	12,342	(323)	1,254	(7,167)
$ (1,248,642)	$ 7,546,598	$ 9,816,196	$ 5,795,347	$ 5,498,870	$ 4,788,007
$ (5,957,057)	$ 5,288,935	$ 7,562,072	$ 4,256,345	$ 3,858,456	$ 3,269,471
68,516	135,301	138,781	110,317	104,227	61,565
$ (5,888,541)	$ 5,424,236	$ 7,700,853	$ 4,366,662	$ 3,962,683	$ 3,331,036

STATE OF ALASKA **SCHEDULE A-4**
Financial Trends - Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Stated in Thousands)

	2013	2012	2011	2010
General Fund (Per GASB 54)[a]				
Nonspendable	$ 108,524	$ 165,504	$ 146,525	$ 229,199
Restricted	77,042	105,472	134,863	119,379
Committed	5,997,573	5,339,354	4,448,973	4,782,302
Assigned	-	-	-	-
Unassigned	16,440,266	15,953,852	13,051,711	10,405,256
General Fund (Prior GASB 54)[a]				
Reserved [b]	-	-	-	-
Unreserved	-	-	-	-
Total General Fund	$ 22,623,405	$ 21,564,182	$ 17,782,072	$ 15,536,136
All Other Governmental Funds (Per GASB 54)[a]				
Nonspendable	$ 41,299,265	$ 38,713,004	$ 38,261,469	$ 32,408,388
Restricted	425,573	289,667	406,063	286,528
Committed	598,440	615,614	817,352	418,643
Assigned	4,053,792	2,080,582	2,307,820	1,209,837
Unassigned	-	-	-	-
All Other Governmental Funds (Prior GASB 54)[a]				
Reserved [c]	-	-	-	-
Unreserved, reported in:				
Permanent funds	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Total All Other Governmental Funds	$ 46,377,070	$ 41,698,867	$ 41,792,704	$ 34,323,396

NOTES:

This schedule is presented on the modified accrual basis of accounting.
In 2002, funds were reclassified in conjunction with implementing GASB Statement No. 34.
In 2010, funds were reclassified in conjunction with implementing GASB Statement No. 54.

[a] Prior to 2010 and the implementation of GASB statement No. 54, fund balances were classified as Reserved or Unreserved. Under GASB statement No. 54, fund balances are classified as Nonspendable, Reserved, Committed, Assigned, or Unassigned.

[b] The majority of the amount reported as reserved for the General Fund from 2002 through 2007 represents the Constitutional Budget Reserve Fund. Further discussion of this fund is included in the Notes to the Basic Financial Statements. Beginning 2008 the majority represents reserved for encumbrances within the General Fund.

[c] The majority of the amount reported as reserved for all other governmental funds since 2002 represents the Alaska Permanent Fund. Further discussion of this fund is included in Management's Discussion and Analysis.

2009	2008	2007	2006	2005	2004
$ 1,101,357	$ 898,734	$ 5,388,823	$ 5,447,085	$ 5,367,346	$ 5,369,520
13,222,879	13,717,732	2,249,074	(123,785)	(1,297,611)	(1,929,657)
$ 14,324,236	$ 14,616,466	$ 7,637,897	$ 5,323,300	$ 4,069,735	$ 3,439,863
$ 29,983,196	$ 31,388,842	$ 34,155,999	$ 30,788,066	$ 29,015,791	$ 27,068,135
426,318	4,984,371	4,144,850	2,594,854	1,449,370	869,711
420,993	397,895	381,225	51,662	75,991	47,841
207,550	113,515	116,074	140,606	126,963	227,982
$ 31,038,057	$ 36,884,623	$ 38,798,148	$ 33,575,188	$ 30,668,115	$ 28,213,669

STATE OF ALASKA **SCHEDULE A-5**
Financial Trends - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Stated in Thousands)

	2013	2012	2011	2010
Revenues				
Taxes	$ 4,787,355	$ 7,186,196	$ 5,381,479	$ 3,602,345
Licenses and Permits	147,790	148,058	147,331	144,160
Charges for Services	194,058	197,276	179,554	164,400
Fines and Forfeitures	30,615	13,732	11,867	14,745
Rents and Royalties	2,807,255	2,996,900	2,779,564	2,259,999
Premiums and Contributions	25,949	23,363	28,790	21,782
Interest and Investment Income	5,248,270	344,378	8,139,303	4,575,828
Federal Grants in Aid	2,434,288	2,500,941	2,442,957	2,422,985
Payments in from Component Units	31,336	39,463	42,866	40,538
Other Revenues	101,707	66,759	53,920	32,530
Total Revenues	15,808,623	13,517,066	19,207,631	13,279,312
Expenditures				
General Government	588,288	491,697	481,434	437,178
Alaska Permanent Fund Dividend [b]	562,621	757,576	817,894	817,162
Education	2,081,438	1,899,380	1,835,425	1,705,340
University	568,805	491,857	449,248	402,867
Health and Human Services	2,741,002	2,573,858	2,427,974	2,251,631
Law and Justice	271,633	278,809	238,083	303,662
Public Protection	736,133	734,059	784,268	715,945
Natural Resources	399,938	384,167	379,151	391,318
Development	707,665	595,362	893,417	330,074
Transportation	1,277,201	1,146,767	1,103,655	1,174,671
Intergovernmental Revenue Sharing	288,281	254,525	189,796	177,804
Debt Service:	-	-		
Principal	97,959	134,825	47,229	43,210
Interest and Other Charges	64,891	77,816	44,201	45,110
Existing Monies to Bond Escrow Agent	-	-	-	-
Bond Issuance Costs	-	-	-	-
Total Expenditures	10,385,855	9,820,698	9,691,775	8,795,972
Excess (Deficiency) of Revenues Over Expenditures	5,422,768	3,696,368	9,515,856	4,483,340
Other Financing Sources (Uses)				
Bonds Issued	-	-	200,000	-
Refunding Bonds Issued [a]	312,125	204,390	-	-
Bond Issue Premium	36,338	33,007	1,837	-
Other Debt Proceeds	-	-	-	-
Refunding Bond Issue Premium [a]	-	-	-	-
Bond Discount	-	-	-	-
Payment to Refunded Bond Escrow Agent [a]	-	(237,509)	-	-
Capital Leases	5,279	10,277	8,212	20,603
Transfers In from Other Funds	716,027	1,324,843	1,277,441	924,015
Transfers (Out to) Other Funds	(754,907)	(1,343,103)	(1,288,102)	(930,719)
Total Other Financing Sources and Uses	314,862	(8,095)	199,388	13,899
Special Items	-	-	-	-
Prior Period Adjustments and Restatements	-	-	-	-
Changes in Accounting Principles	-	-	-	-
Net Change in Fund Balances	$ 5,737,630	$ 3,688,273	$ 9,715,244	$ 4,497,239
Debt Service as a Percentage of Noncapital Expenditures	1.60%	2.18%	0.96%	1.02%

NOTES:

This schedule is presented on the modified accrual basis of accounting.

[a] In 2005 new certificates of participation were issued to refund existing certificates of participation debt.

[b] In 2009 the Alaska Permanent Fund Dividend expenses includes a one time energy rebate in the amount of $738,767 (in thousands) that was paid to Alaska citizens to offset the cost of energy.

[c] In 2012 evaluation of GASB-44 caused a restatement of the debt service expenditures as a percentage of noncapital expenditures from 2003 through current year. The use of capital outlay stated on the governmentwide statement of activities is used to adjust the total expenditures.

2009	2008	2007	2006	2005	2004
$ 4,334,450	$ 8,282,074	$ 3,462,462	$ 2,361,263	$ 1,764,465	$ 1,275,413
146,460	150,207	142,204	129,604	122,888	116,164
176,310	179,213	180,695	159,410	152,992	184,178
14,306	18,673	32,367	10,441	11,030	17,598
2,237,219	3,354,696	2,162,495	2,418,169	1,957,615	1,428,982
28,806	17,520	16,369	17,906	17,153	17,984
(6,480,492)	(913,571)	6,023,532	3,339,127	2,874,284	3,586,212
2,119,109	1,925,558	2,021,414	1,997,567	1,951,921	1,941,037
26,392	115,635	400,382	104,555	121,312	58,846
61,092	43,908	31,349	74,163	30,957	32,363
2,663,652	13,173,913	14,473,269	10,612,205	9,004,617	8,658,777
740,621	596,754	346,530	294,151	261,596	257,207
2,015,974	990,379	658,294	505,093	552,232	660,471
1,658,971	1,716,876	1,359,413	1,227,523	1,136,016	1,042,702
409,890	382,459	320,238	272,193	244,917	246,168
2,064,656	1,881,458	1,819,084	1,794,439	1,748,751	1,707,996
202,860	209,031	179,851	171,185	141,890	135,026
620,975	577,377	553,412	527,332	525,855	431,261
339,496	301,660	297,410	259,087	236,146	227,132
387,633	251,051	429,894	477,945	128,257	132,452
1,111,105	1,036,352	988,857	894,571	804,546	764,003
231,364	128,564	61,925	59,477	43,081	52,259
48,414	45,870	39,110	39,965	39,570	15,568
41,914	46,546	42,253	38,429	38,989	34,369
-	-	27,009	-	-	-
524	-	-	-	-	-
9,874,397	8,164,377	7,123,280	6,561,390	5,901,846	5,706,614
(7,210,745)	5,009,536	7,349,989	4,050,815	3,102,771	2,952,163
165,000	-	218,938	92,060	-	14,145
-	-	193,050	-	25,725	-
8,611	-	-	856	-	-
-	-	(193,050)	1,957	-	-
-	-	-	-	1,251	-
-	-	(11,180)	-	-	-
-	-	-	-	(26,858)	-
271,901	59,651	4,241	8,628	10,751	15,615
937,064	1,479,573	1,338,871	807,093	604,541	614,250
(961,402)	(1,483,716)	(1,363,302)	(801,164)	(615,931)	(597,320)
421,174	55,508	187,568	109,430	(521)	46,690
-	-	-	-	-	4,829
(2,186)	-	-	393	(17,932)	3,569
652,961	-	-	-	-	-
$ (6,138,796)	$ 5,065,044	$ 7,537,557	$ 4,160,638	$ 3,084,318	$ 3,007,251
0.96%	1.15%	1.57%	1.23%	1.53%	0.90%

STATE OF ALASKA **SCHEDULE B-1**

Revenue Capacity - Alaska Permanent Fund Investment Income
Last Ten Fiscal Years
(Stated in Millions)

Fiscal Year	Ending Fund Market Value [a]	Nonspendable Fund Assets	Assigned Fund Assets [b]	Total Fund Return
2004	27,400	26,541	859	14.2%
2005	29,962	28,522	1,440	10.4%
2006	32,910	30,325	2,585	11.0%
2007	37,826	33,694	4,132	17.1%
2008	35,881	30,912	4,969	-3.6%
2009	29,916	29,496	420	-18.0%
2010	33,255	32,045	1,210	11.7%
2011	40,140	37,832	2,308	20.6%
2012	40,333	38,252	2,081	-0.01%
2013	44,853	40,800	4,054	10.9%

Annual Rate of Return by Asset Class [d]

Fiscal Year	Domestic Equities	International Equities	Global Equities	Domestic Bonds	Non-Dollar Bonds	Real Estate	Alternative Investments	Total Fund
2003	-0.3%	-5.0%	NA [c]	10.2%	15.3%	9.1%	NA [c]	4.5%
2004	21.1%	28.4%	NA [c]	0.8%	4.3%	16.5%	NA [c]	14.2%
2005	7.2%	15.4%	NA [c]	6.8%	10.1%	27.2%	NA [c]	10.4%
2006	10.0%	26.1%	NA [c]	-0.3%	0.6%	20.0%	11.3%	11.0%
2007	19.2%	31.6%	8.9%	6.2%	2.8%	18.1%	13.6%	17.1%
2008	-11.7%	-5.5%	-10.2%	6.1%	10.9%	0.5%	1.0%	-3.6%
2009	-24.8%	-31.3%	-31.4%	3.3%	3.6%	-18.4%	-13.2%	-18.0%
2010	15.9%	11.8%	11.6%	11.5%	7.9%	-0.6%	13.5%	11.7%
2011	33.4%	28.7%	31.5%	5.3%	0.6%	16.9%	12.2%	20.6%
2012	2.3%	-14.6%	-4.7%	7.8%	6.5%	11.4%	1.4%	-0.01%
2013	22.4%	12.3%	19.7%	0.4%	1.7%	10.8%	6.7%	10.9%

SOURCE:
Alaska Permanent Fund Corporation

NOTES:
[a] The Alaska Permanent Fund is made up of two parts: nonspendable and assigned assets. The nonspendable portion of the fund is invested in perpetuity and cannot be spent without amending the state constitution through a majority vote of the people.
[b] Assigned fund assets are defined in Alaska statute as the accumulation of cash flow and net realized gains from investments and are subject to appropriation by the Legislature. Historically, the assigned fund assets have primarily been used to distribute a portion of realized earnings to the citizens of Alaska and to protect the nonspendable fund assets from inflation. The assigned fund assets are where all income available for appropriation is recorded, retained and reinvested until distributed in accordance with State of Alaska law. The assigned fund assets shown above have already been reduced by the annual dividend and inflation proofing transfer each year. The nonspendable and assigned fund assets are commingled for investment purposes.
[c] NA = The fund held no investments in this asset type.
[d] Returns are shown by major asset class only and are unaudited. For the year 2007 global equity returns are for six months only.

REVENUE BASE (Last Ten Fiscal Years)

Oil Severance Taxes

Fiscal Year	Well-Head Value	Weighted Average Severance Tax Rate	Weighted Average Economic Limit Factor (ELF)
2004	$26.78 per barrel	14.23%	53.22%
2005	$38.92 per barrel	14.20%	52.99%
2006	$55.31 per barrel	14.62%	58.26%
2007	$55.79 per barrel	16.90%	Not Applicable
2008	$84.45 per barrel	39.99%	Not Applicable
2009	$62.02 per barrel	20.20%	Not Applicable
2010	$68.89 per barrel	18.04%	Not Applicable
2011	$86.69 per barrel	24.21%	Not Applicable
2012	$103.56 per barrel	42.70%	Not Applicable
2013	$97.81 per barrel	38.60%	Not Applicable

REVENUE RATE: The method of determining the revenue rate changed on April 1, 2006 with the implementation of the Petroleum Profits Tax (PPT)[a]. On July 1, 2007 Alaska Clear and Equitable Share (ACES) was implemented.

Production tax revenue under the Alaska Clear and Equitable Share (ACES) and Petroleum Profits Tax (PPT) is calculated as follows, with the difference between ACES and PPT shown in the notes:

[(Petroleum Value[1] minus Costs[2]) times Tax Rate[3]] minus Credits[4]

[1] Petroleum Value = (Total number of barrels[a] produced minus royalty barrels[b]) multiplied by the wellhead value[c]
- [a] The total number of barrels of oil equivalent produced
  See the Royalty Revenue Capacity Schedule B-3 for number of barrels produced.
- [b] Minus the number of royalty barrels
  Barrels that are charged royalties are not taxed, therefore these barrels are subtracted from the total.
- [c] Multiplied by the wellhead value
  Destination value minus allowable marine and transportation costs of each barrel.

[2] Costs = Lease expenditures, including qualified operating and capital expenses

[3] Tax Rate = ACES: The production tax rate is 25% of the petroleum value minus costs ("net income"). A progressive surcharge of .4% is added for every dollar that this "net income" per barrel exceeds $30 and is less than $92.50. At $92.50, the progressive surcharge changes to .1% for every additional dollar in net value. Total maximum tax rate is 75%.
PPT: The production tax rate is 22.5% of the petroleum value minus costs ("net income"). A progressive surcharge of .25% is added for every dollar that this "net income" per barrel exceed $40. Total maximum tax rate is 47.5%.

[4] Credits = ACES: Includes a 20% credit for all qualified capital expenditures, and a standard deduction of up to $12 million per year for qualified companies.
PPT: Includes a 20% credit for all qualified capital expenditures, 20% credit for eligible transition expenditures, and a standard deduction of up to $12 million per year for qualified companies.

Prior to April 1, 2006 the Revenue Rate was calculated using the Economic Limit Factor (ELF).
The effective severance tax rate was computed as: (Number of barrels produced less the number of royalty barrels) × the wellhead value × the severance tax rate × ELF.

Production tax rate is applied to net production value beginning in FY 2007. Prior to FY 2007, production tax rate was applied to gross value at point of production.

REVENUE PAYERS (Current Reporting Period and Period Ten Years Prior)

	2013	2004
Alaska Statute 43.05.230 prohibits naming individual tax payers.	Five oil companies account for more than 99.9% of severance tax.	Five oil companies account for more than 99.6% of severance tax.
Amount of Revenue Base	Five oil companies account for 187,583 thousands of barrels of oil production.	Five oil companies account for 357,720 thousands of barrels of oil production.
Percent of top payers to total oil production	94.50%	99.30%
Percent of top payers to total production tax revenue	99.90%	99.60%

SOURCE:
Alaska Department of Revenue, Tax Division

NOTES:
[a] The Petroleum Profits Tax (PPT) became effective on April 1, 2006, replacing the previous production tax system based on the Economic Limit Factor (ELF). Production taxpayers paid under the ELF system through the end of December 2006, with a 'true-up' of tax liability under the PPT system due in April 2007. All revenues received at that time that were attributable to the PPT system were considered FY 2007 revenues.

REVENUE BASE (Last Four Fiscal Years)

Fiscal Year	Gross Number of Barrels	Number of Barrels for Which Royalties are Charged	Weighted Average Royalty Rate
2004	370,732,200	48,080,646	12.97%
2005	340,267,626	44,669,897	13.13%
2006	315,713,921	39,953,892	12.65%
2007	276,283,804	35,287,199	12.77%
2008	269,773,057	34,158,311	12.66%
2009	257,812,862	31,877,658	12.36%
2010	232,152,553	29,674,841	12.78%
2011	219,360,412	27,863,774	12.70%
2012	212,436,387	26,738,403	12.59%
2013	195,668,338	24,612,682	12.58%

REVENUE RATE: The method of determining the revenue rate changed on April 1, 2006 with the implementation of the Petroleum Profits Tax (PPT)[a] On July 1, 2007 Alaska Clear and Equitable Share (ACES) was implemented.

The royalty rate ranges from 5.00% to 33.33%, depending on lease terms. However, the majority of fields are charged at 12.50%.

REVENUE PAYERS (Current Reporting Period and Period Nine Years Prior)

	2013	2004
Top Payers	Royalties from British Petroleum, ConocoPhillips, and Flint Hill Resources corporations comprise about 85% of oil royalty barrels this fiscal year.	Royalties from British Petroleum, ConocoPhillips, Williams, and Flint Hills corporations comprise approximately 92% of oil royalty barrels this fiscal year.
Amount of Revenue Base	Flint Hill Resources, British Petroleum, and ConocoPhillips corporations paid royalties on about 21 million barrels of oil this fiscal	Williams, British Petroleum, Flint Hills, and ARCO corporations paid royalties on approximately 44 million barrels of oil this fiscal year.
Percent of top payers to number of royalty barrels:	85.22%	91.73%
Percent of top payers to total royalty revenue:	85.56%	88.22%

SOURCE:
Alaska Department of Natural Resources, Division of Oil and Gas

NOTE:
Per Article IX, Section 15 of the Alaska Constitution, "At least 25 percent of all mineral. . . royalties. . . received by the State shall be placed in a permanent fund…"

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STATE OF ALASKA **SCHEDULE C-1**
Debt Capacity - Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Stated in Thousands, Except Per Capita Amount)

	General Bonded Debt			Other Governmental Activities Debt		
Fiscal Year	General Obligation Bonds [d]	Percentage of Personal Income [a]	Per Capita [a]	Tobacco Revenue Bonds	Sport Fishing Revenue Bonds	Certificates of Participation [b]
2004	492,586	2.26%	760	218,316	-	30,145
2005	463,117	2.03%	707	212,794	-	61,625
2006	433,916	1.85%	654	207,995	68,345	74,770
2007	404,866	1.56%	604	387,252	64,273	65,275
2008	375,808	1.38%	555	381,399	61,942	56,990
2009	520,019	1.72%	765	372,374	57,802	51,415
2010	489,517	1.62%	707	371,298	54,455	45,605
2011	655,633	2.08%	923	370,677	51,859	39,600
2012	609,961	1.85%	845	365,871	48,274	11,375
2013	893,966	2.47%	1,221	360,774	42,272	4,910

NOTES:

Details regarding the state's outstanding debt can be found in the Notes to the Basic Financial Statements.

[a] See Schedule D-1, Demographic and Economic Information - Statistics, for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

[b] For fiscal years 2002-2004, Certificates of Participation (COPs) related to facilitlies under construction were reported as COPs, and completed projects were reported as capital leases. Beginning in 2005, all COPs are reported as Certificates of Participation.

[c] For 2006 and 2007 the capital leases have been corrected to include internal service funds data.

[d] General Obligation bonds do not have any external restrictions for the repayment of debt. Total and net bonded debt are the same.

Capital Leases [b, c]	Business-type Activities: International Airports Revenue Bonds	Total Primary Government	Percentage of Personal Income [a]	Per Capita [a]
194,492	422,141	1,357,680	6.23%	2,094
147,993	412,057	1,297,586	5.68%	1,980
140,670	646,238	1,571,934	6.68%	2,369
130,311	633,152	1,685,129	6.51%	2,515
171,458	617,465	1,665,062	6.10%	2,460
410,846	582,893	1,995,349	6.60%	2,936
410,085	562,006	1,932,966	6.40%	2,792
392,636	593,597	2,104,002	6.67%	2,962
380,131	579,579	1,995,191	6.05%	2,763
341,765	565,029	2,208,716	6.11%	3,016

STATE OF ALASKA **SCHEDULE C-2**
Debt Capacity - Pledged-Revenue Coverage
Last Ten Fiscal Years
(Stated in Thousands)

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Coverage
International Airports Revenue Bonds: [a]						
2004	77,524	49,238	28,286	6,580	18,365	1.13
2005	104,538	61,131	43,407	12,138	21,554	1.29
2006	107,125	68,732	38,393	12,529	21,011	1.14
2007	123,435	70,609	52,826	12,770	31,675	1.19
2008	129,835	72,054	57,781	15,515	30,450	1.26
2009	103,668	72,164	31,504	19,880	29,711	0.64
2010	110,811	64,368	46,443	6,085	28,491	1.34
2011	110,835	72,203	38,632	7,040	27,447	1.12
2012	106,061	79,770	26,291	13,150	28,047	0.64
2013	104,550	79,765	24,785	13,740	27,468	0.60
Northern Tobacco Securitization Corporation (NTSC) Tobacco Revenue Bonds: [b]						
2004	18,399	-	18,399	-	12,925	1.42
2005	18,620	-	18,620	-	12,569	1.48
2006	17,136	-	17,136	-	12,264	1.40
2007	18,428	-	18,428	-	11,996	1.54
2008	29,542	-	29,542	3,360	19,440	1.30
2009	30,972	-	30,972	-	19,834	1.56
2010	25,294	-	25,294	-	19,750	1.28
2011	23,598	-	23,598	-	18,092	1.30
2012	24,072	-	24,072	-	17,837	1.35
2013	24,094	-	24,094	645	17,546	1.32
Sport Fishing Revenue Bonds: [c]						
2006	$ 1,296	$ -	$ 1,296	$ -	$ -	0.00
2007	7,418	-	7,418	2,415	2,883	1.40
2008	7,483	-	7,483	2,295	2,923	1.43
2009	6,636	-	6,636	2,385	2,831	1.27
2010	5,825	-	5,825	2,485	2,649	1.13
2011	5,957	-	5,957	2,580	2,510	1.17
2012	6,025	-	6,025	3,015	2,075	1.18
2013	5,755	-	5,755	2,935	2,094	1.14

NOTES:

Details regarding the state's outstanding debt can be found in the Notes to the Basic Financial Statements. Gross revenues include nonoperating interest and investment income. Operating expenses do not include interest, depreciation or amortization expenses. Additional details regarding revenues and expenses can be found in the combining fund statements of this CAFR.

[a] The principal revenues of the International Airports are charges to customers for airfield operations, concession fees, rent, and user fees.

[b] Tobacco Revenue Bonds are debt of the Northern Tobacco Securitization Corporation (NTSC), which was incorporated on September 29, 2000. NTSC revenues include Tobacco Settlement Revenues (TSRs) and investment earnings, both of which are pledged as security under the revenue bond indentures.

[c] Sport Fishing Revenue Bonds were sold April 11, 2006. The coverage reflected is surcharge revenue only as required in the additional bonds test. Additional coverage is provided from the base license fee, king salmon stamp fee, and certain federal receipts which are also pledged to repayment of the bonds.

STATE OF ALASKA **SCHEDULE D-1**
Demographic and Economic Information - Statistics
Last Ten Calendar Years

Year	Population [1]	Personal Income (Stated in Millions) [2]	Alaska Per Capita Personal Income [2]	United States Per Capita Personal Income [2]	Median Age [1]	Unemployment Rate [1]
2003	648,280	21,779	33,568	31,632	33.1	7.7%
2004	655,435	22,582	34,454	32,937	33.3	7.5%
2005	663,661	23,515	35,433	33,050	33.4	6.8%
2006	670,053	25,879	38,622	34,471	33.5	6.7%
2007	676,987	27,294	39,934	36,714	33.5	6.2%
2008	679,720	30,224	44,039	40,208	33.5	6.7%
2009	692,314	30,180	43,209	39,626	33.5	8.0%
2010	710,231	31,562	44,205	39,945	33.8	8.0%
2011	722,190	33,003	45,665	41,560	33.9	7.6%
2012	732,298	36,159	49,436	43,735	34.1	7.0%

SOURCES:

[1] Alaska Department of Labor and Workforce Development, Research and Analysis Section

[2] U.S. Department of Commerce, Bureau of Economic Analysis

NOTE:

At the time of preparation, data provided by the U.S. Department of Commerce, Bureau of Economic Analysis is preliminary.

STATE OF ALASKA **SCHEDULE D-2**
Demographic and Economic Information - Employment by Industry
Calendar Year 2012 and Period Nine Years Prior

	2012			2003		
Industry	Employment	Rank	Percentage of Total State Employment	Employment	Rank	Percentage of Total State Employment
Retail Trade	35,800	1	10.02%	34,000	1	10.73%
Health Care	32,900	2	9.21%	23,900	3	7.54%
Local Government Education	23,300	3	6.52%	22,400	2	7.07%
Military	23,200	4	6.49%	18,700	4	5.90%
Local Government (Non Education)	18,400	5	5.15%	17,500	6	5.52%
State Government (Non Education)	18,300	6	5.12%	16,900	5	5.33%
Construction	16,600	7	4.65%	16,900	7	5.33%
Federal Government (Non Military)	16,300	8	4.56%	17,100	8	5.40%
Oil and Gas	13,600	9	3.81%	8,100	9	2.56%
Seafood Processing	9,800	10	2.74%	8,000	10	2.52%
State Education	7,800	11	2.18%	7,200	11	2.27%
Total	216,000		60.45%	190,700		60.17%
Total Employment [a]	357,300			316,900		

SOURCE:
Alaska Department of Labor and Workforce Development, Research and Analysis Section

NOTES:
In 2012, data is being provided based on major industry rather than principal employers based on 20 CFR 603.

[a] Standard wage and salary employment totals supplemented by active-duty military totals.

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STATE OF ALASKA **SCHEDULE E-1**
Operating Information - Full-time Equivalent Government Employees by Function
Last Ten Fiscal Years

FUNCTION	2013	2012	2011	2010
General Government	2,213	2,272	2,248	2,158
Education	402	421	434	432
Health and Human Services	2,988	2,930	2,921	2,873
Law and Justice	1,659	1,710	1,685	1,671
Public Protection	3,617	3,481	3,511	3,582
Natural Resources	2,140	2,230	2,195	2,131
Development	784	812	826	822
Transportation	3,045	3,169	3,131	3,052
Totals	16,848	17,025	16,951	16,721

Note: Full-time equivalent employees are calculated using the total number of hours worked, divided by the number of hours worked during the year by a full-time employee.

2009	2008	2007	2006	2005	2004
2,225	2,137	2,139	2,101	2,071	2,009
419	414	423	409	395	421
2,694	2,816	2,599	2,511	2,432	2,477
1,642	1,587	1,550	1,498	1,451	1,400
3,540	3,297	3,634	3,588	3,552	3,560
2,031	1,994	1,978	1,932	1,897	1,928
775	745	748	794	773	770
3,060	2,987	2,979	2,940	2,826	2,833
16,386	15,977	16,050	15,773	15,397	15,398

STATE OF ALASKA **SCHEDULE E-2**
Operating Information - Operating Indicators by Function
Last Ten Fiscal Years

FUNCTION	2013	2012	2011	2010
Alaska Permanent Fund Dividend				
Number of Dividends Paid [a]	-	640,700	644,156	641,112
Education				
Student Enrollment in State Supported				
Schools (pre-elementary through grade 12)	132,185	131,682	132,104	131,662
University				
Student Enrollment in the State University				
System (average head count over both semesters)	33,654	35,082	34,528	33,821
Health and Human Services				
Medicaid Beneficiaries	138,790	136,913	132,991	134,535
Temporary Assistance Caseload[h]	3,661	3,803	3,619	3,198
Protective Services Reports Regarding Children [b]	15,721	16,288	16,067	14,629
Law and Justice				
Criminal Caseload - Misdemeanors	21,710	21,672	23,138	23,818
Criminal Caseload - Felonies and Appeals	8,752	8,233	8,592	8,571
Civil Caseload [g]	6,133	6,485	6,116	6,493
Public Protection				
Adult Offenders in Correctional Facilities[f]	6,120	6,029	5,864	5,600
Juvenile Offenders in Detention or Treatment Facilities	157	199	185	211
National Guard Assigned Strength in Alaska [d]	3,860	3,949	4,043	3,845
Number of Homicides Investigated by State Troopers [g]	22	14	18	9
Natural Resources				
Wholesale Value of Alaska Commercial Fish				
Harvests (stated in thousands of dollars) [a]	-	2,841,699	2,903,915	2,497,060
Recreation Acres State Owned or Maintained	12,622,881	12,622,881	11,892,818	11,931,889
State Timber Sold Annually (million board feet)	9	22.5	24.1	12.5
State Acreage Leased for Oil and Gas Development[e]		4,185,961	3,193,020	3,859,116
Placer Mines Permitted	603	562	486	107
Development				
Number of State Business Licenses	51,310	66,737	63,618	65,096
Transportation				
Annual Fatalities per 100 Million Miles of Vehicle Travel in AK[a]	-	1.23	1.57	1.17
State Ferry Route Miles	3,290	3,290	3,274	2,829
Intergovernmental Revenue Sharing				
Number of Communities that Receive a Portion of Shared				
Taxes and Fees	144	144	147	148
Loans				
Number of Loans in Portfolio	1,668	1,846	2,158	2,280
Unemployment Compensation				
Initial Claims Paid [a]	79,743	-	72,696	94,592
Airports [c]				
Landings:				
Jets	62,998	66,787	71,499	69,927
Other Aircraft	46,812	46,432	45,632	42,959
Passengers:				
In	2,947,939	2,961,887	2,926,922	2,804,494
Out	2,494,044	2,955,646	2,939,191	2,823,969
Through	106,914	150,449	221,529	240,331
Freight (in tons):				
In	426,802	496,126	414,014	361,019
Out	374,096	441,201	374,048	326,277

SOURCES:
Various state departments and the University of Alaska.

NOTES:
Indicators are not available for the general government function.
[a] Data is only provided on a calendar year basis.
[b] A change was made to the methodology of gathering this statistic, starting in 2005, to bring it into compliance with federal requirements.
[c] Consists of data for the Anchorage and Fairbanks International Airports.
[d] Prior to state fiscal year 2005, this statistical data was provided based on a calendar year. Beginning with 2005 this quarterly data is available for state fiscal year reporting purposes.
[e] Includes both on shore and off shore acres.
[f] Data was corrected for 2007.
[g] Data was corrected for 2003-2012.
[h] Name change: previously Welfare Caseload.

2009	2008	2007	2006	2005	2004
623,707	615,513	595,237	591,965	594,028	598,378
130,685	131,029	132,608	133,288	132,970	133,930
31,888	32,324	32,515	32,740	32,786	34,111
123,791	117,472	121,864	122,975	125,942	119,321
3,027	3,109	6,335	3,658	4,660	5,017
13,441	11,599	11,400	10,192	9,576	10,017
22,351	23,973	23,609	23,060	22,569	22,700
7,796	8,466	8,469	11,462	10,166	9,913
6,290	5,644	5,750	6,718	5,731	6,045
5,319	5,384	5,236	5,073	4,809	4,724
202	228	237	250	234	247
3,785	4,242	3,872	3,785	3,704	4,009
15	14	12	10	23	15
1,970,607	2,607,666	2,326,176	2,055,625	1,957,948	1,700,278
11,834,483	11,535,850	11,663,339	11,444,009	11,183,929	11,361,029
15.5	61.0	82.9	25.0	27.5	11.7
4,933,466	5,435,904	4,980,450	4,267,925	3,972,538	4,101,542
194	260	178	345	316	320
59,751	62,187	65,331	66,615	67,229	70,537
1.30	1.29	1.61	1.49	1.47	2.02
2,829	2,829	2,829	2,829	2,829	2,866
146	142	146	145	140	139
2,064	2,168	2,277	2,263	2,183	2,149
122,830	93,072	89,442	93,609	100,692	103,240
65,945	84,366	80,652	81,040	77,074	72,486
45,399	68,253	46,940	46,022	47,564	49,082
2,926,772	3,043,533	2,889,786	2,868,053	2,852,820	2,696,409
2,893,374	3,002,133	2,873,803	2,860,859	2,849,651	2,686,048
227,164	360,572	364,850	284,947	394,324	421,472
288,650	366,907	369,743	338,401	297,752	255,958
326,797	417,979	393,279	382,645	352,339	267,749

STATE OF ALASKA **SCHEDULE E-3**
Operating Information - Capital Asset Statistics by Function
Last Ten Fiscal Years

FUNCTION	2013	2012	2011	2010
Primary Government:				
General Government				
Buildings (square feet)	932,305	921,990	891,302	828,694
Education				
Buildings (square feet)	2,010,102	2,180,240	2,037,695	2,200,336
Schools	97	114	106	111
Schools Under Construction	28	25	23	36
Health and Human Services				
Buildings (square feet)	1,258,620	1,188,573	1,157,282	1,103,295
Pioneer Homes	6	6	6	6
Law and Justice				
Buildings (square feet)	698,636	693,392	667,637	641,456
Court Buildings	13	13	13	13
Public Protection				
Buildings (square feet)	1,523,692	1,411,646	1,391,021	1,375,250
Correctional Institutions	13	11	11	11
Aircraft	17	18	18	16
Motor Vessels	23	22	22	22
National Guard Armories [a]	21	21	21	21
Natural Resources				
Buildings (square feet)	901,530	904,724	869,809	818,066
Parks Acreage	3,357,393	3,357,393	3,300,000	3,381,858
Forest Acreage	2,144,680	2,144,680	2,121,499	2,122,899
Other State Land Acreage	94,966,591	94,909,670	92,134,583	91,858,588
Aircraft	3	3	3	3
Motor Vessels	11	11	9	9
Development				
Buildings (square feet)	330,084	329,430	327,102	315,477
Transportation				
Buildings (square feet)	1,282,466	1,285,261	1,240,569	1,172,039
Light Duty Vehicles	3,097	3,225	3,461	3,822
Heavy Duty Utility Vehicles	2,162	2,102	2,064	1,847
Ferries	11	11	11	11
Building Projects Under Construction	167	152	166	154
Rural Airports	253	253	252	253
Rural Airport Projects Under Construction	357	401	373	394
Centerline Road Miles [b]	-	5,609	5,608	5,619
Highway Projects Under Construction	910	831	827	807
Business-type Activities:				
Airports (Anchorage and Fairbanks International)				
Terminals (square feet)	1,320,737	1,271,568	1,271,568	1,271,568
International Airport (acreage)	8,168	8,244	8,244	8,244
International Airport Projects Under Construction	94	98	122	107
Runways (miles)	10	10	8	8

NOTES:
[a] Increase in National Guard Armories for 2005 was the result of a federal review for state owned armories that were not recognized in previous years.
[b] Centerline road miles are calculated on a calendar year basis.

2009	2008	2007	2006	2005	2004
880,198	803,175	764,192	738,676	731,101	691,070
2,340,905	2,331,178	2,354,648	2,728,657	2,832,934	2,923,628
119	119	105	117	129	145
39	39	35	17	10	8
1,065,828	1,058,616	928,505	882,511	858,468	852,057
6	6	6	6	6	6
649,529	596,631	553,687	526,659	512,094	481,805
13	13	13	13	12	13
1,400,619	1,239,332	1,298,482	1,261,043	1,253,724	1,224,620
11	11	11	11	11	11
16	16	16	16	16	14
22	21	21	19	18	16
21	21	21	21	20	10
803,675	749,618	706,814	678,899	669,406	663,345
3,356,810	3,356,810	3,353,805	3,326,019	3,325,939	3,325,939
2,097,608	2,097,608	2,232,400	2,066,000	2,066,000	2,243,100
90,309,649	88,505,417	86,166,329	84,430,236	82,967,314	82,797,376
3	3	3	3	3	3
9	9	9	9	9	8
306,678	279,924	267,229	279,168	272,816	264,948
1,210,953	1,122,960	1,064,449	1,033,511	997,525	974,654
3,756	3,671	3,609	3,366	3,323	3,433
1,781	1,760	1,668	1,861	1,824	1,828
11	11	11	11	11	10
119	119	105	112	94	101
256	256	256	256	258	260
409	383	339	358	415	397
5,601	5,595	5,606	5,603	5,613	5,612
801	808	782	767	766	760
1,295,864	1,280,864	1,280,864	1,280,864	1,178,602	773,681
8,244	8,153	8,153	8,153	8,153	8,153
117	105	121	117	162	187
8	8	8	6	6	6

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Index of Funds

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
2008 Transportation Project (GO Bonds)	Ch 30, SLA 2008	Yes	CPF	3.51, 3.52
2010 Education Project (GO Bonds)	Ch 95, SLA 2010	Yes	CPF	3.51, 3.52
2012 Transportation Project (GO Bonds)	Ch 18, SLA 2012	Yes	CPF	3.51, 3.52
Abandoned Motor Vehicles	AS 28.11.110	No	GF	3.01, 3.02
Accelerated Alaska Transportation Projects	Ch 114, SLA 2002	Yes	CPF	3.51, 3.52
Adak Airport Operations	PL 101-510	No	GF	3.01, 3.02
Agricultural Revolving Loan	AS 03.10.040	Yes	OAEF	4.31 - 4.33
Alaska Aerospace Corporation	AS 26.27.010	Yes	DPCU	6.01, 6.02
Alaska Capital Income	AS 37.05.565	No	GF	3.01, 3.02
Alaska Capstone Avionics Revolving Loan	AS 44.33.655	Yes	CAEF	4.11 - 4.13
Alaska Children's Trust	AS 37.14.200	No	GF	3.01, 3.02
Alaska Clean Water	AS 46.03.032	Yes	OAEF	4.31 - 4.33
Alaska Debt Retirement	AS 37.15.011	No	GF	3.01, 3.02
Alaska Drinking Water	AS 46.03.036	Yes	OAEF	4.31 - 4.33
Alaska Energy Authority	AS 44.83.020	Yes	DPCU	6.01, 6.02
Alaska Fish and Game Revenue Bond Redemption	AS 37.15.770	Yes	DSF	3.41, 3.42
Alaska Gasline Development Corporation	AS 31.25.010	Yes	DPCU	6.01, 6.02
Alaska Gasline Inducement Act Reimbursement	AS 43.90.400	No	GF	3.01, 3.02
Alaska Higher Education Investment	AS 37.14.750	No	GF	3.01, 3.02
Alaska Historical Commission Receipts Account	AS 41.35.380	No	GF	3.01, 3.02
Alaska Housing Capital Corporation	AS 18.56.086	Yes	SRF	3.31 - 3.33
Alaska Housing Finance Corporation	AS 18.56.020	Yes	DPCU	1.41, 1.42
Alaska Industrial Development and Export Authority	AS 44.88.020 AS 44.88.600 Ch 42, SLA 1987	Yes	DPCU	1.41, 1.42
Alaska Marine Highway System	AS 19.65.060	No	GF	3.01, 3.02
Alaska Marine Highway System Vessel Replacement	AS 37.05.550	No	GF	3.01, 3.02
Alaska Mental Health Trust Authority	AS 47.30.011	Yes	DPCU	6.01, 6.02
Alaska Microloan Revolving Loan	AS 44.33.950	Yes	CAEF	4.11 - 4.13
Alaska Municipal Bond Bank Authority	AS 44.85.020	Yes	DPCU	6.01, 6.02
Alaska National Guard and Alaska Naval Militia Retirement System	AS 26.05.222	Yes	PTF	5.01, 5.02
Alaska Natural Gas Development Authority	AS 41.41.010	Yes	DPCU	6.01 - 6.04
Alaska Permanent Fund	Constitution, Art. IX, sec. 15	Yes	PF	1.11 - 1.14
Alaska Public Building	AS 37.05.570	Yes	ISF	4.41 - 4.43
Alaska Railroad Corporation	AS 42.40.010	Yes	DPCU	6.01, 6.02
Alaska Seafood Marketing Institute	AS 16.51.010	Yes	DPCU	6.01 - 6.04
Alaska Senior Care	AS 47.45.360	No	GF	3.01, 3.02
Alaska Sport Fishing Construction Account	AS 16.05.130(f)	Yes	CPF	3.51, 3.52
Alaska Student Loan Corporation	AS 14.42.100	Yes	DPCU	6.01, 6.02
Alaska Technical and Vocational Education Program	AS 23.15.830	No	GF	3.01, 3.02
Alaska Transportation Infrastructure Bank	Section 350 of the NHSD Act of 1995 Federal Law	No	GF	3.01, 3.02

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Alaska Veterans' Memorial Endowment	AS 37.14.700(a)	No	GF	3.01, 3.02
Alaska World War II Veterans' Revolving Loan	AS 26.15.090	Yes	CAEF	4.11 - 4.13
Alcohol and Other Drug Abuse Treatment and Prevention	AS 43.60.050	No	GF	3.01, 3.02
Alcoholism and Drug Abuse Revolving Loan	AS 44.29.210	Yes	OAEF	4.31 - 4.33
Alternative Energy Conservation Revolving Loan	AS 45.88.010	Yes	EAEF	4.21 - 4.23
Alyeska Settlement Trust	Consent decree between U.S., Alaska, and Alyeska Pipeline Service Company	Yes	SRF	3.31 - 3.33
Anatomical Gift Awareness	AS 13.50.160(a)	No	GF	3.01, 3.02
Art in Public Places	AS 44.27.060	No	GF	3.01, 3.02
Assistive Technology Loan Guarantee	AS 23.15.125	No	GF	3.01, 3.02
Building Safety Account	AS 44.31.025	No	GF	3.01, 3.02
Bulk Fuel Revolving Loan	AS 42.45.250	Yes	EAEF	4.21 - 4.23
Civil Legal Services	AS 37.05.590	No	GF	3.01, 3.02
Clean Air Protection	AS 46.14.260 Federal Clean Air Act	Yes	SRF	3.31 - 3.33
Commercial Charter Fisheries Revolving Loan	AS 16.10.801	Yes	CAEF	4.11 - 4.13
Commercial Fishing Revolving Loan	AS 16.10.340	Yes	CAEF	4.11 - 4.13
Commercial Passenger Vessel Environmental Compliance	AS 46.03.482	No	GF	3.01, 3.02
Commercial Vessel Taxes Fund	AS 43.35.220 AS 43.52.230(a)	No	GF	3.01, 3.02
Community Quota Entity Revolving Loan	AS 16.10.345	Yes	CAEF	4.11 - 4.13
Community Revenue Sharing	AS 29.60.850	No	GF	3.01, 3.02
Constitutional Budget Reserve	Constitution, Art. IX, sec. 17 AS 37.13	Yes	GF	3.01, 3.02
Crime Victims Compensation	AS 18.67.162	No	GF	3.01, 3.02
Deferred Compensation	AS 39.45.010	Yes	PTF	5.01, 5.02
Deposits, Suspense, and Miscellaneous		Yes	AF	5.11, 5.12
Disaster Relief	AS 26.23.300	No	GF	3.01, 3.02
Donated Commodity Fee	USC 7 CFR, Part 250	No	GF	3.01, 3.02
Educational and Museum Facility Design, Construction, and Major Maintenance (GO Bonds)	Ch 2, SSSLA 2002	Yes	CPF	3.51, 3.52
Educational Facilities Maintenance and Construction	AS 37.05.560	No	GF	3.01, 3.02
Election	Federal H.R. 3295	No	GF	3.01, 3.02
Employment Assistance and Training Program Account	AS 23.15.625	No	GF	3.01, 3.02
Exxon Valdez Oil Spill Investment Trust	PL 106-113	Yes	AF	5.11, 5.12
Exxon Valdez Oil Spill Restoration	U.S. District Court Judgment	Yes	SRF	3.31 - 3.33
Exxon Valdez Oil Spill Unincorporated Rural Community Grant	AS 44.33.115	No	GF	3.01, 3.02
Exxon Valdez Settlement Trust	AS 37.14.400	Yes	SRF	3.31 - 3.33

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
FHWA - Airspace Leases	Section 156 of the USSTURAA of 1987	No	GF	3.01, 3.02
FICA Administration	AS 39.30.050	No	GF	3.01, 3.02
Fish and Game	AS 16.05.100	Yes	SRF	3.31 - 3.33
Fisheries Disaster	PL 108-7, Sec. 2, Division N, Title V - Fisheries Disasters, Sec. 501(a)	No	GF	3.01, 3.02
Fisheries Enhancement Revolving Loan	AS 16.10.505	Yes	CAEF	4.11 - 4.13
Fishermen's	AS 23.35.060	Yes	SRF	3.31 - 3.33
Fuel Emergency	AS 26.23.400	No	GF	3.01, 3.02
Fund for the Improvement of School Performance	AS 14.03.125	No	GF	3.01, 3.02
General Fund	Operating fund of the State	Yes	GF	3.01, 3.02
General Obligation Bond Redemption	Various SLAs	Yes	DSF	3.41, 3.42
Group Health and Life Benefits	AS 39.30.095	Yes	ISF	4.41 - 4.43
Highways Equipment Working Capital	AS 44.68.210	Yes	ISF	4.41 - 4.43
Historical District Revolving Loan	AS 45.98.010	Yes	CAEF	4.11 - 4.13
Impact Aid	Federal PL 103-382	Yes	AF	5.11, 5.12
Information Services	AS 44.21.045	Yes	ISF	4.41 - 4.43
International Airports	AS 37.15.410-550	Yes	OAEF	1.21 - 1.23
Judicial Retirement System	AS 22.25.048	Yes	PTF	5.01, 5.02
Knik Arm Bridge and Toll Authority	AS 19.75.021	Yes	OAEF	4.31 - 4.33
Major Maintenance Grant	AS 14.11.007	No	GF	3.01, 3.02
Mariculture Revolving Loan	AS 16.10.900	Yes	CAEF	4.11 - 4.13
Memorial Education Revolving Loan	AS 14.43.255	No	GF	3.01, 3.02
Mine Reclamation Trust	AS 37.14.800	Yes	SRF	3.31 - 3.33
Mining Revolving Loan	AS 27.09.010	Yes	CAEF	4.11 - 4.13
Municipal Capital Project Matching Grant	AS 37.06.010	No	GF	3.01, 3.02
Municipal Harbor Facility Grant	AS 29.60.800	No	GF	3.01, 3.02
National Petroleum Reserve	AS 37.05.530	Yes	SRF	3.31 - 3.33
Northern Tobacco Securitization Corporation	AS 18.56.086	Yes	SRF	3.31 - 3.33
Northern Tobacco Securitization Corporation Bond Redemption	AS 18.56.086	Yes	DSF	3.41, 3.42
Oil and Gas Tax Credit	AS 43.55.028	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Prevention and Response	AS 46.08.010	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Prevention Mitigation Account	AS 46.08.020(b)	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Response Mitigation Account	AS 46.08.025(b)	No	GF	3.01, 3.02
Originator Surety	AS 06.60.500	No	GF	3.01, 3.02
Permanent Fund Dividend	AS 43.23.045	Yes	GF	3.01, 3.02
Public Advocacy Trust	AS 44.21.410	Yes	AF	5.11, 5.12
Public Education	AS 14.17.300	Yes	GF	3.01, 3.02
Public Employees' Retirement System	AS 39.35.095-680 AS 39.35.700-990	Yes	PTF	5.01, 5.02

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Public School Trust	AS 37.14.110	Yes	PF	3.11, 3.12
Railbelt Energy	AS 37.05.520	No	GF	3.01, 3.02
Randolph-Sheppard Small Business	AS 23.15.130 20 USC 107-107(f)	No	GF	3.01, 3.02
Real Estate Recovery	AS 08.88.450	No	GF	3.01, 3.02
Reclamation Bonding Pool	AS 27.19.040	Yes	SRF	3.31 - 3.33
Regional Cruise Ship Impact Fund	AS 43.52.230(c)	No	GF	3.01, 3.02
Regional Educational Attendance Area School	AS 14.11.030	No	GF	3.01, 3.02
Residential Energy Conservation	AS 45.88.100	Yes	EAEF	4.21 - 4.23
Retiree Health	AS 39.35.535, AS 14.25.168, AS 22.25.090	Yes	PTF	5.01, 5.02
School	AS 43.50.140	Yes	SRF	3.31 - 3.33
School Construction Grant	AS 14.11.005	No	GF	3.01, 3.02
School Trust Land Sales	Attorney General Opinion	No	GF	3.01, 3.02
Second Injury	AS 23.30.040	Yes	SRF	3.31 - 3.33
State Insurance Catastrophe Reserve Account	AS 37.05.289	No	GF	3.01, 3.02
State Land Disposal Income	AS 38.04.022(a)	No	GF	3.01, 3.02
State Land Reforestation	AS 41.17.300	No	GF	3.01, 3.02
Statutory Budget Reserve	AS 37.05.540	Yes	GF	3.01, 3.02
Supplemental Benefits System	AS 39.30.150	Yes	PTF	5.01, 5.02
Surplus Property Revolving	AS 37.05.500(a)(2) AS 44.68.130	No	GF	3.01, 3.02
Teachers' Retirement System	AS 14.25.009-220 AS 14.25.310-590	Yes	PTF	5.01, 5.02
Tobacco Use Education and Cessation	AS 37.05.580	No	GF	3.01, 3.02
Training and Building	AS 23.20.130(d)	No	GF	3.01, 3.02
Trans-Alaska Pipeline Liability (TAPS) Rebate	Federal PL 101-380	No	GF	3.01, 3.02
Transportation Projects (GO Bonds)	Ch 114, SLA 2002	Yes	CPF	3.51, 3.52
Trauma Care Fund	AS 18.08.085	No	GF	3.01, 3.02
Unemployment Compensation	AS 23.20.130	Yes	OAEF	4.31 - 4.33
Unincorporated Community Capital Project Matching Grant	AS 37.06.020	No	GF	3.01, 3.02
University of Alaska	AS 14.40.040	Yes	DPCU	1.41, 1.42
Vocational Rehabilitation Small Business Enterprise Revolving	AS 23.15.130	No	GF	3.01, 3.02
Wage and Hour	AS 23.05.220	Yes	AF	5.11, 5.12
Workers' Compensation Benefits Guaranty	AS 23.30.082	No	GF	3.01, 3.02
Workers' Safety and Compensation Administration Account	AS 23.05.067	No	GF	3.01, 3.02

Legend of Acronyms

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LEGEND OF ACRONYMS

Acronym	Description
AAC	Alaska Aerospace Corporation
AAL	Actuarial Accrued Liabilities
AEA	Alaska Energy Authority
AGDC	Alaska Gasline Development Corporation
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AIDEA	Alaska Industrial Development and Export Authority
AIGA	Alaska Insurance Guarantee Association
ALAE	Allocated Loss Adjustment Expense
AMBBA	Alaska Municipal Bond Bank Authority
AMHTA	Alaska Mental Health Trust Authority
ANGDA	Alaska Natural Gas Development Authority
APFC	Alaska Permanent Fund Corporation
ARHCT	Alaska Retiree Health Care Trust
ARMB	Alaska Retirement Management Board
ARRC	Alaska Railroad Corporation
AS	Alaska Statute
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Industry
ASPIB	Alaska State Pension Investment Board
CAFR	Comprehensive Annual Financial Report
CBRF	Constitutional Budget Reserve Fund
COPs	Certificates of Participation
DB	Defined Benefit
DCP	Deferred Compensation Plan
DCR	Defined Contribution Retirement Plan
EPORS	Elected Public Officers Retirement System
FDIC	Federal Deposit Insurance Corporation
FIFO	First In First Out
FNMA	Federal National Mortgage Association
FX	Foreign Currency
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board

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LEGEND OF ACRONYMS

Acronym	Description
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-segregated Investments
HRA	Health Reimbursment Arrangement
IAF	International Airport Fund
JRS	Judicial Retirement System
KABTA	Knik Arm Bridge and Toll Authority
MEBA	Marine Engineers' Beneficial Association
MSA	Master Settlement Agreement
NGNMRS	National Guard and Alaska Naval Militia Retirement System
NMRT	Northwest Marine Retirement Trust
NRSRO	Nationally Recognized Statistical Rating Organization
NTSC	Northern Tobacco Securitization Corporation
OAH	Office of Administrative Hearings
OD&D	Occupation Death & Disability
OPEB	Other Post-Employment Benefits
PERS	Public Employees' Retirement System
PERS-DB	Public Employees' Retirement System - Definded Benefit
PERS-DCR	Public Employees' Retirement System - Definded Contribution Retirement Plan
RHF	Retiree Health Fund
RMP	Retiree Major Medical Insurance
RSAs	Reimbursable Services Agreements
SBJPA	Small Business Job Protection Act
SBPA	Standby Bond Purchase Agreement
SBS	Supplemental Benefits System
SF	Sport Fish
SIR	Self-Insured Retention
SLA	Session Laws of Alaska
TIPS	Treasury Inflation Protected Securities
TRS	Teachers' Retirement System
TRS-DB	Teachers' Retirement System - Definded Benefit
TRS-DCR	Teachers' Retirement System - Definded Contribution Retirement
TSR	Tobacco Settlement Revenues
UAAL	Unfunded Actuarial Accrued Liabilities